

DAILY REPORT

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U.S. PROPOSES TO UPDATE F-18 COMBAT PLANE

HKO21456 Hong Kong AFP in English 1448 GMT Apr 86

[Text] Tokyo, April 2 (AFP) -- The United States has proposed to Japan that they jointly update the American F-18 combat plane, as part of a project for supplying some 200 aircraft needed by Japan, the newspaper YOMIURI SHIMBUN reported Wednesday.

The U.S. Government is trying this new ploy to sell Japan about 200 "new generation" fighter-bomber which it will need in the second half of the 1990's the paper's Washington correspondent wrote, citing aeronautics industry officials of both countries.

The press here puts the value of the contract at between four and 5.5 billion dollars.

So far there have been four planes under discussion: two American and one European that would be built in Japan under licence, and a plane coded the FS-X to be developed and built by Japan alone.

YOMIURI said the U.S. authorities are proposing that the McDonnell Douglas F/A-18 tactical support fighter be jointly modernized.

This improved aircraft would include two Japanese technologies: an anti-radar paint called "stealth" making the plane "invisible", and CVV horizontal maneuverability enabling a plane to side-slip, the paper said.

A Defence Agency spokesman said the agency had not received a proposal of this kind "officially or otherwise". He confirmed that the two technologies were available in Japan.

U.S. Defense Secretary Casper Weinberger told the business paper NIHON KEIZAI last week that he would be glad to see a joint project. Mr. Weinberger is due here Thursday for a four-day visit.

YOMIURI said the Defense Agency and Premier Yasuhiro Nakasone favoured a Japan-only project. Also in the running so far is the Tornado built by the Panavia Consortium bringing in Italy, West Germany and Britain. British Prime Minister Margaret Thatcher is strongly promoting this plane.

The paper said the Japan-only FS-X project was seen by its advocates as the last chance for Japan's aeronautics sector. This lobby has been stressing that the F-18 would be 20 years old when used by Japan, but the joint U.S.-Japanese proposal would counter this objection.

The Fourth candidate for the contract is the American F-16 made by General Dynamics. But this plane is widely thought unsuitable because of its single jet engine, as Japan traditionally prefers twin-engined aircraft.

The Tokyo decision is forecast for late August, YOMIURI said. This is when the budget appropriations for fiscal 1987 will be submitted.

The 1986-1990 military equipment program allows for the replacement at the end of the 1990's of 70 type F-1 Japanese fighters built by Mitsubishi Heavy Industries and 230 type F-4 U.S.-designed planes.

The technical and commercial discussions are complicated by political considerations over this country's technological independence in the sphere of defense.

The Foreign Ministry favours a foreign aircraft inasmuch as it would help trim Japan's 50 billion dollar trade surplus with the United States or its more than 11 billion dollar surplus with the European Economic Community (EEC).

NAKASONE TO DISCUSS ECONOMIC POLICY WITH REAGAN

OW021117 Tokyo KYODO in English 1111 GMT 2 Apr 86

[Text] Tokyo, April 2 KYODO -- Prime Minister Yasuhiro Nakasone will seek U.S. understanding of Japan's surplus-reducing economic policy when he meets with President Ronald Reagan later this month, government officials said Wednesday.

Nakasone is scheduled to leave for Washington April 12 for talks with Reagan on bilateral and international matters.

Their discussions will also range over Japan's efforts to reduce its huge current account surplus by stimulating domestic demand. Nakasone will also seek Reagan's cooperation for the success of the Tokyo summit May 4-6, the officials said.

Main subjects for the summit agenda, including trade issues and aid to developing countries, will be discussed at a meeting of the Organization for Economic Cooperation and Development in Paris on April 17 and 18. Foreign exchange rates will be reviewed by the International Monetary Fund on April 9 and 10 in Washington.

Nakasone hopes that the summit will pave the way for sustained growth of the world economy.

The medium-range and long-range economic package aimed at pacifying foreign criticism of Japan's snowballing trade and current account surpluses will be submitted to Nakasone by a private advisory panel Monday.

NAKASONE MEETS U.S. ASSISTANT SECRETARY OF STATE

OW030635 TOKYO KYODO in English 0538 GMT 3 Apr 86

[Text] Tokyo, April 3 KYODO -- Visiting U.S. Assistant Secretary of State Gaston Sigur told Prime Minister Yasuhiro Nakasone Thursday he is expecting the Japanese Government to soon come up with an effective economic game plan to help ease trade friction with the United States, Japanese officials said.

Sigur conveyed to Nakasone a message from U.S. President Ronald Reagan expressing his wish to strengthen Japan-U.S. relations in the forthcoming meeting with Nakasone in Washington and bring the May summit of seven industrial democracies in Tokyo to a success.

Sigur conferred with Nakasone on Japan-U.S. relations, the Tokyo summit and the situation in the Philippines for about 40 minutes at the prime minister's official residence, the officials said.

They quoted Nakasone as telling Sigur that he wants to discuss with Reagan not only bilateral economic problems but also the debt issue of the Third World nations.

The government's economic plan will be worked out on the basis of a report to be submitted to Nakasone Monday by his private advisory organization called the Group on Economic Adjustment for International Harmony, chaired by former Bank of Japan Governor Haruo Maekawa.

The group was set up last year to help alter the export-oriented Japanese economic structure to a domestic demand-oriented economy in response to a request from the U.S. and other trading partners.

Nakasone is to meet Reagan on April 13 and 14 in Washington.

GOVERNMENT 'DIVIDED' ON RELEASE OF DPRK DEFECTOR

OW021235 Tokyo KYODO in English 1227 GMT 2 Apr 86

[Text] Tokyo, April 2 KYODO -- The Japanese Government was divided Wednesday over whether to release a North Korean serviceman who defected and sought asylum either in Japan or South Korea nearly two and a half years ago.

The question involves the fate of two Japanese seamen who are detained in North Korea.

The Justice Ministry is studying the advisability of releasing Min Hong-ku, 24, a private in the North Korean Army, who stowed away aboard a Japanese freighter in 1983 and was turned over to Japanese immigration authorities on the ship's arrival in Fukuoka.

The Foreign Ministry opposes his release for fear of retaliation against the two Japanese detained in North Korea.

Min sneaked onto the No. 18 Fujisan Maru, a 235-ton refrigerator ship, when it was anchored at the North Korean port of Nampo on November 4, 1983.

He was found hiding while the ship was en route to Japan and turned over to Japanese authorities when the ship arrived at Fukuoka.

While Japanese authorities were negotiating with South Korea to send Min there, North Korea captured the Fujisan Maru on November 15, 1983, and detained the ship's Captain Isamu Beniko, 56, and Chief Engineer Yoshio Kuriura, 54.

North Korea demanded that Min be turned over in return for the release of the two Japanese.

The Japanese Government has withheld a decision on whether to accept the North Korean demand for humanitarian reasons because Min is likely to receive severe punishment if sent back to North Korea.

Justice Ministry officials are inclined to release Min in Japan on the grounds that it would be difficult to further detain him under the domestic laws and also for humanitarian reasons.

The Foreign Ministry opposes his release, claiming it is negotiating with North Korean authorities for a possible compromise settlement.

ARSON ATTEMPT AGAINST SDF PERSONNEL FOILED

OW030531 Naha OKINAWA TIMES in Japanese 2 Apr 86 Evening Edition p 5

[Excerpt] Before daybreak this morning at Uehara in Naha someone attempted to set fire to cars in the parking lot in front of an apartment used exclusively by Self-Defense Force [SDF] personnel. While the culprit, a male, was spraying gasoline on the cars, a newspaper carrier happened to come across him. The culprit ran away without lighting the gasoline; as a result, there was no damage.

In arson cases committed against SDF personnel's own vehicles thus far, 10 cars were destroyed at Oroku in Naha on 13 January, and 7 were destroyed at Kakazu in Tomigusuku Village on 17 February. The Naha police believe this incident has something to do with the recent series of incendiary cases. Investigations are now under way.

At about 0440 [1940 GMT] this morning, as a female newspaper carrier happened to pass by the parking area on the first floor of the Morimitsu apartment (owned by Hisako Akamine) at 3-21-37 Uehara, Naha City, a man suddenly ran away. Harboring suspicions, the newspaper carrier went close to the parking lot and found that gasoline had been poured there. The astonished woman reported it to the police by dialing 110.

By the time Naha police station officers arrived at the scene, the gasoline had evaporated and only the smell hung over the area. Transparent PVC containers and vinyl bags were left abandoned at the scene of the incident. Identification work is now under way.

There is information that a neighbor who lives near the apartment saw two suspicious-looking men standing near by. He reportedly chased the two men but lost sight of them. In this connection, the police station has posted a cordon while snooping for information and thoroughly investigating suspicious persons. The man who ran away from the scene of the incident is said to be of medium height and build, wearing dark clothes.

Eleven families currently live in the apartment building, which used exclusively by SDF personnel and their dependents. At the time the incident took place, nine cars were parked in the parking lot. There are several propane gas tanks used by the tenants next to parking lot; hence, if arson had been committed a disastrous accident could have happened.

BANK CHIEF URGES STABILIZATION OF YEN-DOLLAR RATE

OW020915 Tokyo KYODO in English 0857 GMT 2 Apr 86

[Text] Tokyo, April 2 KYODO -- Satoshi Sumita, governor of the Bank of Japan, reiterated Wednesday that the yen-dollar exchange rate should be stabilized.

He told a press conference that "the yen's uptrend in relation to the U.S. dollar should be maintained from the standpoint of correcting trade and current-account imbalances between Japan and other countries."

But he added that "too rapid a rise in the value of the yen against the dollar is not desirable as it becomes difficult for Japan to adjust to the change."

Asked about a reported market intervention by the central bank to shore up the dollar in Tokyo trading Tuesday, Sumita said that the bank will step into the market "timely and swiftly" to prevent erratic moves of currency rates.

"Market intervention is done in close consultation with foreign monetary authorities based on the agreement of the Group of Five (G-5) industrial countries," he said.

But Sumita also said the central bank will not intervene in the market with a specific level of exchange rates in mind. "The G-5 countries (the U.S., West Germany, Britain, France and Japan) agreed last September 22 in New York that exchange rates should better reflect economic fundamentals of each nation," he said.

Commenting on the recent yen-dollar exchange rate, the central banker said the dollar has been moving in the 178-180 yen range amid a cautious mood about "too fast a pace of the yen's appreciation against the dollar" after the dollar hit a record postwar low of 174.60 yen momentarily in Tokyo trading March 18.

On the possibility of another cut in Japan's official discount rate, Sumita said the central bank has no intention to do so at this stage. The central bank is now gauging the effects of two cuts in the key rate, made January 30 and March 10, he said.

The Bank of Japan will lower the discount rate after considering exchange rates, prices, and the business and financial situations both at home and abroad, he said.

But Sumita said conditions remain unchanged for lowering interest rates internationally after their simultaneous reduction in March by major countries including the U.S., West Germany and Japan.

On the forthcoming meeting of the interim committee of the International Monetary Fund (IMF) in Washington April 9-10, he said major items on the agenda will be the present state and outlook of the world economy, distribution of the IMF's SDR (special drawing right), international currency problems and the external debts of developing countries.

On the international economy, Sumita said discussions will focus on ensuring the growth of the world economy against a backdrop of falling crude oil prices and progress in efforts to reduce the U.S. budget deficit.

Delegates to the Washington meeting will also discuss ways of implementing economic policies by each nation, he said.

On the problem of debtor nations, discussions will be held in a manner ensuring appropriate economic growth of developing nations as conceived in a proposal made by U.S. Treasury Secretary James Baker at the IMF-World Bank joint meeting in Seoul last year, he said.

CONDITIONS FOR LOAN TO PHILIPPINES TO BE EASED

OW021131 Tokyo KYODO in English 1124 GMT 2 Apr 86

[Text] Tokyo, April 2 KYODO -- Japan has told the Philippines it will ease conditions for commodity loans to assist the new government of President Corazon Aquino in its economic reforms, government sources said Wednesday.

The sources said the two countries will initial an agreement on 33 billion yen in project loans during Philippine Finance Minister Jaime Ongpin visit to Tokyo later this month.

The quasi-governmental overseas economic cooperation fund postponed a signing ceremony for the fresh project loans in Tokyo February 12 due to the volatile political situation in the Philippines at the time.

The sources said Japan is prepared to extend about 16.5 billion yen in new commodity loans if the Manila government spends 90 percent of 35.2 billion yen in commodity loans it had pledged in April 1984.

The Aquino government is turning to Tokyo for economic aid to facilitate economic restructuring in view of calls by U.S. lawmakers to review American financial assistance to the Philippines in connection with shady assests held by exiled ex-president Ferdinand Marcos.

In the wake of parliamentary debates about the 35.2 billion yen commodity loans, the Japanese Government decided to lend the money to the Philippine central bank instead of the countrys Finance Ministry, further complicating procedures.

Japan is considering offering additional financial aid, expanding grants and proposing an early meeting of lenders to alleviate the Philippines economic problems, the sources added.

LIVESEY REMARKS ON THREAT FROM NORTH DENOUNCED

SK021206 Pyongyang Domestic Service in Korean 2153 GMT 31 Mar 86

[1 April NODONG SINMUN commentary: "Warmongers Who Are Attempting To Ignite the Fuse"]

[Text] At a sumptuous feast arranged a few days ago for military bosses who have participated in the "Team Spirit-86" joint military exercise, Livsey, commander of the U.S. forces occupying South Korea, once again laid bare his intentions to strengthen war maneuvers while babbling about threats of aggression by somebody. Saying that the "Team Sprit" military exercise is in preparation against the threat from the North, he stated that such war exercises will be conducted continuously in the future. He even said that he will discharge his responsibility in order to have this year's Asian Games and the 1988 Olympics successfully held.

Prior to this, the commander of the U.S. 25th Infantry Division, which is participating in the "Team Spirit-86" military exercise, in a meeting with the puppet defense minister babbled that this war exercise will contribute not only to the security of South Korea but also to world peace.

At the same time, according to a report carried by a Japanese paper, the South Korean puppets this year will receive 12 F-16 fighter-bombers from the United States. The puppet clique plans to form an aviation wing with these 12 aircraft, and after deploying them for real war, will deploy a total of 36 F-16 fighter-bombers by 1988. All this shows how insanely the U.S. imperialists and puppet clique are running riot to provoke a new war in Korea.

They are continuously babbling about the North's military supremacy or about threats of aggression. This is nothing but a preposterous excuse fabricated to justify their maneuvers for a war of northward invasion. On the same day he babbled about the North's military supremacy, Livsey said that the combined forces have superior fighting power. Not because of threats of a southward invasion, but because of their intentions to strengthen their policy of war by continuously ensconcing in South Korea, the U.S. imperialists are spreading their fabricated, nonexistent threats.

The U.S. imperialists and their running dogs have their own reasons why they are unanimously babbling, particularly about the threat in recent months. Another spring of the Philippines is now approaching South Korea, just as the world's people believe. The South Korean youths, students, and people of all walks of life are now determined not to tolerate dictatorial rule, which has continued for nearly 40 years, as well as the U.S. imperialists' colonial rule. Such a will by these people has become the flames of the antigovernment struggle calling for the toppling of the military dictatorship and the flames of the campaign for collecting 10 million signatures for the revision of the Constitution now spreading throughout South Korea, including Seoul, Pusan, Kwangju, and Taegu.

Such developments have deeply shaken the foundations of the puppet Chon Tu-hwan's fascist military rule and the U.S. imperialists' colonial rule, which is dependent on the puppet Chon Tu-hwan's fascist military rule. The U.S. imperialists and the Chon tu-hwan clique are now trying to find a way out of this by provoking a new war. Livsey's recent remarks that the "Team Spirit" military exercise, a preliminary war and nuclear test war aimed at mounting a surprise attack against us, will be continued in the future, exposes such an attempt. In particular, the U.S. imperialists are trying to turn the Asian and Olympic Games into an opportunity for supporting the puppets with bayonets and of accelerating preparations for a new war.

It is not accidental that Livsey said that he will discharge his responsibility while babbling about the successful holding of the Asian and Olympic Games. Also, it cannot be viewed as coincidental that the U.S. imperialists and the puppet clique are planning to deploy several dozen more F-16 fighters-bombers by 1988 for a real war when the 24th Olympiad is scheduled in South Korea. Increasing armed forces and strengthening war maneuvers under the pretext of guaranteeing international sports games is brazen.

We are watching the ominous moves of the U.S. imperialists and the Chon Tu-hwan ring with vigilance. Attempting to bring the crisis generated by the policy of forcible occupation of South Korea and dictatorial rule under control there by way of igniting the flames of a war is the last-ditch effort of the stupid ones. If the U.S. imperialists follow the path of provoking a new war in Korea while propping up the puppets, they will face self-destruction.

MINJU CHOSON CLAIMS U.S. REPORTS ON DPRK 'DISTORTED'

SK020525 Pyongyang KCNA in English 0519 GMT 2 Apr 86

[Text] Pyongyang, April 2 (KCNA) -- The U.S. Joint Chiefs of Staff, claiming in its recent "Report on the Military Situation" that the North is a "factor" creating "uneasiness" in the "Asian and Pacific region", stressed the need to rapidly reinforce the U.S. forces in this region.

Commenting on this, MINJU CHOSON today says that this is a wanton distortion of reality and an outrageous jargon of war maniacs seeking to accelerate war preparations in this region, slinging mud at us.

The author of the commentary says: Recently when the U.S. imperialists and the South Korean puppet clique started the frantic "Team Spirit-86" joint military exercises and the struggle for democracy against dictatorship is gaining further momentum in South Korea, we made it clear once again that we will not interfere nor have any intention to involve ourselves by force of arms, no matter what may happen in South Korea.

In trying to distort such stand of our Republic which is widely known to the world they have an ax to grind. It is to justify the policy of South Korean occupation, keep hold on South Korea indefinitely by introducing more aggression forces, and accelerate preparations for aggression on the whole of Korea and Asia by using South Korea as a stepping-stone. As facts show, the U.S. imperialists are the very one aggravating the situation on the Korean peninsula and in the Asian-Pacific region.

'TEAM SPIRIT' AIMED AT NORTHWARD INVASION

SK020719 Pyongyang Domestic Service in Korean 0754 GMT 30 Mar 86

[Dialogue between Chong Song-kang and Chong Pong-kil, reporters of the Korean Central Broadcasting Committee: "Extremely Dangerous War Exercise Aimed at Northward Invasion"]

[Text] [Chong Song-kang] How are you? At present, the "Team Spirit-86" war exercise, kicked off by the U.S. imperialists and the South Korean puppet clique, is being continuously perpetrated in south Korea. Following a large-scale joint landing operation on 18 March, which marked the peak of the "Team Spirit-86" war exercise, a provocative river-crossing operation and sortie training by aerial units was staged on 21 March.

On 25 March, emergency take-off and landing training and a chemical warfare exercise were held. On 26 March, exercises involving actual parachuting of troops were held at a firing range in the eastern front. In addition, such war exercises as mobilization operation and offensive operation are being held in succession throughout South Korea.

[Chong Pong-kil] You are right. South Korean publications have noted that the moves of aircraft in the air, of the Marine Corps units landing on shore, and of naval forces patrolling the sea are scenes which can be seen only on the eve of a war.

The extremely provocative war exercises staged by the U.S. imperialists while moving toward the North after staging a large-scale landing operation around Pohang are a preliminary war aimed at a preemptive strike on the northern half of the Republic and a nuclear test war. Despite this, the U.S. imperialists and the South Korean puppets described war exercises held in South Korea as being for defense, and raved that these exercises would not be any threat to us. This is a preposterous sophistry put forth by those who describe black as white.

[Chong Song-kang] You are right. They frantically bombarded the areas around Pohang, a coastal city in the northern half of the republic, and turned the landing site into a sea of flames by heavily bombing it, from aerial units launched from carriers and ground bases, thus staging a landing operation aimed at a surprise landing. It is clear to everyone that all of these exercises are offensive. The river-crossing exercise during which troops crossed the river in darkness boarding barges and destroying targets is thoroughly aimed at an attack.

The frantic training by parachuting actual troops held on 26 March is thoroughly aimed at an offensive. That day, the U.S. imperialists and the South Korea puppet Air Force stated that enormous fire power was demonstrated during a strike on the so-called heart of the enemy by using actual bombs and missiles. As is known, the landing itself is an offensive and the river-crossing and training of parachuting actual troops are required only for an offensive.

[Chong Pong-kil] You are right. In particular, chemical warfare training perpetrated by the U.S. imperialists this time undisguisedly revealed their attempt to use chemical weapons in a new Korea war. It is a known fact that the U.S. imperialist aggressors worked out vicious chemical warfare plans. The chemical weapons that kill or disable men by using poisonous chemicals are the most cruel lethal weapons. Thus, according to an international agreement, the use and development of these weapons are prohibited.

The U.S. imperialists, however, used these weapons against our people during the past Korean war, opening violating international laws, and caused us enormous damage. Today, they are running amok to produce and develop more modernized chemical weapons than that time.

[Chong Song-kang] You are right. The U.S. imperialists have already established more than 10 gas plants in South Korea and are mass producing chemical weapons. In addition, they have accumulated a large quantity of chemical weapons dragged in from the United States. The fact that the U.S. imperialists and the South Korean puppets staged combat training using chemical weapons in an atmosphere of an actual war is aimed at perfecting the vicious chemical war plans already established.

[Chong Pong-kil] You are right. Not satisfied with the fact that they have reduced South Korea to the largest nuclear war magazine and a nuclear advance base by deploying various nuclear weapons there, the U.S. imperialist aggressors even dragged in chemical weapons and staged war exercises using such weapons. This again showed that they are the most vicious warmongers who do not care about the means and methods in attaining their aggressive aims.

As all facts clearly showed, the "Team Spirit-86" joint military exercise staged by the U.S. imperialist aggressors throughout South Korea today is not a defensive training in view of its nature, scale, and content but an offensive exercise aimed at invading our Republic at any moment.

[Chong Song-kang] You are right. There is no guarantee that the joint military exercise frantically staged in South Korea would not turn to an actual war. Extremely embarrassed by the anti-U.S. struggle for independence and antifascist struggle for democracy by the South Korean students and people which are being enhanced with each passing day since the Philippine's situation, the U.S. imperialists and the Chon Tu-hwan clique are scheming to trigger an adventurous war as a last resort for breaking the deadlock. Thus, they are more frantically running amok with the war exercise.

However, such maneuvers are merely a last-ditch effort of those who are collapsing. If the U.S. imperialists and the South Korean puppets trigger a war in defiance of our repeated warnings, they will be burned to death amid the flames they themselves ignited.

ROK'S INTELLIGENCE NETWORK, STRATAGEM REPRESSIVE

SK030254 Pyongyang Domestic Service in Korean 2152 GMT 1 Apr 86

[2 April NODONG SINMUN commentary: "The Trap of Stratagem Even in Taxicabs"]

[Text] Argumentation is continuing because the fact that the fascist Chon Tu-hwan clique uses taxicabs as a means to watch and spy on the moves of the residents has been disclosed. A real-life example is that the police stations under the Seoul puppet police headquarters distributed to taxicab companies and independent taxicab drivers so-called papers to report those spreading groundless wild rumors.

The so-called puppet home minister recently confessed this at the rostrum in the National Assembly during its regular session. In the process, the Seoul puppet police headquarters was discussed. But in actuality, this was a trick of the puppet Agency for National Security Planning, the den of intelligence politics.

The puppet clique is suppressing all just debates of the people seeking independence, democracy, and reunification and opposing fascism by charging them as groundless wild rumors. Therefore, the papers distributed to taxicab drivers for use in reporting groundless wild rumors are precisely orders to watch and spy on the residents and to report this.

It is a well-known fact that South Korea is a horrible place where the politics of terrorism and the politics of intelligence are dominant. However, all people are surprised by the fact that the trap of the politics of intelligence is installed even in taxicabs. In South Korea, the various elements and intelligence agents registered at the Agency for National Security Planning and the Army Security Command alone number more than 650,000. In addition to this, if the nearly 500,000 puppet police troops, secret informers, and hirelings are counted, the number of intelligence elements is too great to count.

The intelligence network covers all aspects of people's activities, including the political parties, agencies, organizations, enterprises, inns, theaters, market places, and playgrounds. Among the residents, the puppets have established a system whereby people can report on each other and watch one another. At the same time, they are using numerous rabble by training them as spies on the pretext of nurturing anti-communist elements. Listening devices are hidden everywhere. Thus, when people want to exchange views that should not be disclosed, they only whisper in people's ears or write their opinions down.

An employee of a Japanese company, when he had returned home after seeing the reality in South Korea, wrote that he felt to the bone the politics of terrorism and fascism, which were more ruthless and outrageous than the politics of oppression; and the politics of terrorism and fascism practiced by the tyrant of the Roman Empire Nero, as well as by Hitler, Mussolini, and Tojo. This is not at all accidental. After covering the whole area of South Korea with an intelligence network, the Chon Tu-hwan ring is still not satisfied. Thus, it is making even taxicabs the victims of the politics of intelligence. By doing so it has once again disclosed the true color of the most peerless outrageous fascist tyrant in the world.

The reason that the Chon Tu-hwan ring is frantically intensifying the politics of intelligence is clear. After the pro-U.S. dictatorial regime fell in the Philippines, the puppets are trembling with fear. The anti-government moves of the people, who turn out on the streets daily and shout for the overthrowing of the dictatorship, make the puppets unable to sleep peacefully. The puppet traitor is implementing such a dirty tactics in order to bridge the power crisis by suffocating the people with the double network of outrageous oppression and the horrible politics of intelligence.

By installing the taxicabs stratagem trap the puppet clique is also placing foreigners and overseas compatriots visiting South Korea under the surveillance network of the Agency for National Security Planning. In particular, prior to the Asian Games, the puppets are trying to watch and spy on the moves of foreigners. On the soil of South Korea, where the bayonets of oppression are being wielded, where the network of the intelligence stratagem has been spread, and where people's lives cannot be guaranteed because the modern version of leprosy is spreading, can the international sports games be held properly?

As the truth regarding the incident has been disclosed and as social argumentation is going on, the Chon Tu-hwan ring is trying to escape responsibility by saying that it was the fault of one or two police stations. However, this kind of clumsy double-dealing trick will never work. The Chon Tu-hwan ring, which suppresses the people with the politics of intelligence, cannot last long.

CHON'S 'FASCIST' REGIME FACES IMMINENT DOWNFALL

SK030046 Pyongyang Domestic Service in Korean 0823 GMT 30 Mar 86

[Dialogue between Chong Song-Kang and Chong Pong-kil reporters of the Korean Central Broadcasting Committee: "Last-Ditch Efforts of One Facing Downfall"]

[Text] [Chong Song-kang] How are you? As is known, an ominous situation reminding us of the eve of the Korean war provoked by the puppet Syngman Rhee 36 years ago at the instigation of the U.S. imperialists has been prevalent recently in South Korea.

Going around the fields of war exercise engulfed with dense smoke from gunpowder on 21 March the treacherous puppet Chon Tu-hwan babbled that this year's training is of special significance in repressing someone's southward invasion, the "Team Spirit" war exercise should be continuously and powerfully pushed ahead with, and so forth, thus instigating war frenzy.

Prior to this, several days ago, the treacherous puppet Chon Tu-hwan raved, in a meeting with his followers, that the wartime system should be rapidly established to cope with recurrence of a war and thorough preparations, including reserving of wartime material.

[Chong Pong-kil] Because of the "Team Spirit-86" war exercise kicked off by the U.S. imperialist and the puppet clique to perfect the posture of offensive operations aimed at northward invasion, the entire land of South Korea today is engulfed with the dense smoke and reek of gunpowder. Following the large-scale joint landing exercise of the U.S. imperialists and the puppet clique staged on 18 March around Pohang, simulating northward invasion, a river-crossing operation was staged on 21 March on the central front and exercises involving a sortie operation, a mobilization operation, and an offensive operation were perpetrated in succession.

Simultaneously with the war exercise rackets aimed at northward invasion, the U.S. imperialists infiltrated a spy plane into the airspace of our Republic on successive occasions. Thus, they are perpetrating military provocations more viciously than ever before.

[Chong Song-kang] Raving every day about someone's southward invasion, provocation, and so forth, the Chon Tu-hwan puppet clique is frantically perpetrating anti-Republic rackets. The treacherous puppet Chon Tu-hwan is running amok with war rackets together with his masters, claiming that these are aimed at preventing the expected provocation by someone and local war and full-scale southward aggressive war on the occasion of the Asian Games and the Olympics. However, the remarks on provocation and local war and full-scale southward aggressive war are a smokescreen laid to justify their war maneuvers and are an anticommunist slogan designed to mislead public opinion.

[Chong Pong-kil] You are right. In the wake of the Philippine situation, the anti-U.S. struggle for independence and antifascist struggle for democracy have been rapidly enhanced in South Korea. Calling for traitor Chon Tu-hwan's resignation, the South Korean students are staging persistent rallies and demonstrations every day against the dictatorship.

In addition, people from all walks of life were actively carrying out the signature collection campaign for constitutional revision in the streets. Stressing that Chon Tu-hwan will face a tragic end unless democracy is achieved, the South Korean people demand either the death or overseas exile of the dictator.

Viewing such a situation, world public opinion pointed out that consequences similar to those that occurred in the Philippines will be brought forth in South Korea. Seized with extreme confusion and fear before the daily-increasing anti-dictatorial struggle for democracy of the people, the Chon Tu-hwan clique is attempting to ignite the flames of war together with its masters as a last-ditch effort to break its deadlock.

[Chong Song-kang] You are right. This is shown by the fact that the Chon Tu-hwan puppet clique is running amok with the offensive operation exercise simulating northward invasion together with its masters while raving about so-called security and that it is desperately maneuvering to establish a wartime mobilization system after making the whole of South Korea a bloodthirsty terrorism-ridden area where fascism is rampant.

The Chon Tu-hwan puppet clique is attempting to settle the serious crisis in its military fascist dictatorship by provoking a war against the northern half of the Republic and to realize the U.S. imperialists' Asian strategy to grasp South Korea as their permanent strategic stronghold. Thus, it is trying to maintain its remaining life under the patronage of its masters, a life that is being extended as their reward. The traitors who betrayed the people do not hesitate to trigger a war against their fellow countrymen. The treacherous Syngman Rhee clique did so 36 years ago.

[Chong Pong-kil] Public opinion at home and abroad predicts that traitor Chon Tu-hwan, who has fallen into an unprecedentedly serious crisis, may instigate a second Kwangju situation or a second Korean war as a last gamble. Such a predication is not accidental. The fact that the Chon Tu-hwan puppet clique is more recklessly running amok to strengthen the suppression of the South Korean people, and running amok with new war provocation maneuvers, is nothing more than the last-ditch effort of one who is dying. If the Chon Tu-hwan clique continues adhering to fascist repression and new war provocation maneuvers while running counter to the people's aspirations and the demands of the time, it will only face a tragic end similar to that of Syngman Rhee and Pak Chong-hui.

HU YAOBANG RECEIVES NODONG SINMUN DELEGATION

SK030501 Pyongyang KCNA in English 0451 GMT 3 Apr 86

[Text] Beijing, April 1 (KCNA) -- Comrade Hu Yaobang, general secretary of the Central Committee of the Communist Party of China, met the NODONG SINMUN delegation led by Editor-in-Chief Yi Song-pok visiting China in Zhongnanhai on April 1.

The head of the delegation conveyed warm greetings of the great leader Comrade Kim Il-song to respected Comrades Hu Yaobang and Deng Xiaoping. Comrade Hu Yaobang expressed deep thanks for this and asked the head of the delegation to forward his cordial regards to Comrade Kim Il-song and Comrade Kim Chong-il. Touching upon the relations between China and Korea, he clarified once again the consistent stand of the Communist Party of China and Chinese Government striving to strengthen Sino-Korean friendship. Noting that the Chinese and Korean peoples have shared life and death for tens of years, he stressed: History has decided that the two peoples will continue to share the same destiny. The talk proceeded in a warm and friendly atmosphere.

PAK SONG-CHOL DELEGATION ARRIVES IN BULGARIA 29 MAR

SK020830 Pyongyang Domestic Service in Korean 1500 GMT 30 Mar 86

[Text] On 29 March, the WPK delegation headed by Comrade Pak Song-chol, member of the WPK Central Committee Political Bureau and vice president of the DPRK, arrived in Sofia to attend the 13th congress of the Bulgarian Communist Party. At the airport the delegation was greeted by Petur Mladenov, member of the BCP Central Committee Political Bureau and foreign minister; Kiril Zarev, secretary of the BCP Central Committee; Vasil Khubchev, Bulgarian Ambassador to our country, and personages concerned. Ha Tong-yun, ambassador of our country to Bulgaria, and members of the Embassy were also at the airport. Prior to this, on the same day the delegation left Prague.

The delegation was seen off at the airport by Jan Fojtik, candidate member of the Standing Committee of the Central Committee of the Communist Party of Czechoslovakia and secretary of the party Central Committee; Frantisek Kjnak, deputy director of the Department of International Policy, the Bulgarian charge d'affaires to Czechoslovakia and other personages concerned.

MEETING WELCOMES TUNISIAN SECRETARY GENERAL 2 APR

SK030504 Pyongyang KCNA in English 0454 GMT 3 Apr 86

[Text] Pyongyang, April 3 (KCNA) -- A meeting was held in Pyongyang on April 2 in welcome of Raouf Pacha, secretary general of the Chamber of Deputies of Tunisia. Speaking at the meeting, Chon Yon-ok, vice-chairman of the Committee for Cultural Relations with Foreign Countries and chairman of the Korea-Tunisia Friendship Association, said that the secretary general's visit to Korea this time would contribute to the development of the relations between the two peoples.

Pointing to the achievements registered by the Tunisian people in the struggle to clear away the consequences of the colonial rule and consolidate the national independence under the leadership of respected President Habib Bourguiba after they won the national independence and proclaimed the republic, the speaker said the Korean people who value friendship with the Tunisian people rejoiced over their successes.

The Korean people, the speaker declared, will energetically strive in the future, too, to strengthen and develop friendship and solidarity with the Arab peoples including the Tunisian people in accordance with the idea of independence, friendship and peace. Touching upon the friendly and cooperative relations between the two countries, Secretary General Raouf Pacha said in his speech that he was satisfied over the constant development of the cooperative relations between Tunisia and Korea in various fields on the basis of mutual respect, understanding between the peoples and common desire for peace and security.

He noted that the Korean people were achieving great successes in various fields under the wise leadership of the great leader President Kim Il-song and the dear leader Mr. Kim Chong-il.

Declaring that Tunisia hated interference of any form in her internal affairs and supported all efforts to prevent war and defend peace, he stressed: Our people will always stand on the side of the Korean people on this principle.

HYDROELECTRIC, MINING EXPANSION PROJECTS DETAILED

SK022336 Pyongyang KCNA in English 1507 GMT 2 Apr 86

[Text] Pyongyang, April 2 (KCNA) -- Vast industrial construction is going on at full steam in different parts of Korea including Taechon, Sunchon, Chongjin, Tanchon and Anju. A project for damming rivers to create a water storing capacity and building five power stations by stages is progressing apace in vast areas of North Pyongan and Changang Provinces.

The construction of these power stations called the Taechon Power Station is a grand nature-remaking project unprecedented in the history of hydropower station construction in our country both in scale and generating capacity.

Constructors there are more than doubling the construction tempo as against the previous month in the building of Taechon Power Station No 1, the project for expanding the 40 km long water tunnel, the project of damming the Chungman River, in the construction of the main and auxiliary dams of Taechon Power Station No 2.

A capacity of generating hundreds of thousands of kw electricity will be created there this year.

A giant chemical industrial city is making its appearance in Sunchon District. A vinylon production base with a rated capacity of 100,000 tons, large-scale bases of chemical fertilizer, carbide and methanol production, timber processing base, large fuel production base, and a thermal power station will be built there. And a large-scale, long-distant belt conveyer line, a wharf, railway and motorway extending scores of kilometres each and a waste water pipe with a total extension of 50 kilometres will also make their appearance. Dwelling houses for 6,000 families will also be built for workers.

Participating in the construction in the Sunchon District are tens of thousands of builders, over 40 specialized construction designing organs, 6 geological survey organs, over 30 machine and equipment joint designing organs and more than 100 industrial establishments in charge of machines and equipment.

Builders of the second stage expansion project of the Kim Chaek Iron and Steel Complex are increasing efficiency 1.3 times in the assembling of structures for main projects including the continuous roughing ground, oxygen plant shop, scrap iron supply centre and hot rolled goods finishing ground.

The assembling of six kiln bodies were finished in a short period in the expansion project of the Tanchon Magnesite Factory.

Builders throughout the country are creating a new construction speed everywhere, upholding the decisions of the 11th plenary meeting of the 6th Central Committee of the Workers' Party of Korea.

BRIEFS

NEW BURUNDI, CAMEROONIAN ENVOYS --Pyongyang, March 26 (KCNA) -- Jonathas Niyungeko and Jean Koucha, new ambassadors extraordinary and plenipotentiary of Burundi and Cameroon to Korea, arrived here on March 25. [Text] [Pyongyang KCNA in English 0514 GMT 26 Mar 86 SK]

NORTH HANGYONG DELEGATION --Pyongyang, April 2 (KCNA) -- A delegation of the North Hangyong Provincial Committee of the Workers' Party of Korea led by its secretary Kim Sun-chol left Chongjin on April 1 for a visit to Jilin Province, China. [Excerpt] [Pyongyang KCNA in English 0431 GMT 2 Apr 86 SK]

CHONGNYON VISITING GROUP -- Pyongyang, March 31 (KCNA) -- Home visiting groups of Koreans in Japan, a journalist delegation of the general association of Korean residents in Japan (Chongnyon) and a Chongnyon youth music circle group for visiting the socialist homeland and a delegation of the Japan society for the study of Kimilsongism arrived in Wonsan on March 29 by the ship Mangyongbong. [Text] [Pyongyang KCNA in English 0504 GMT 31 Mar 86 SK]

GEN KIM IN-KI CITED ON SOVIET RECONNAISSANCE FLIGHTS

SK030736 Seoul YONHAP in English 0727 GMT 3 Apr 86

[Text] Seoul, April 3 (YONHAP) -- The Soviet Union has been making reconnaissance flights between North Korea and South Korea's southernmost island, Cheju-do, to test the South Korean-U.S. Air Defense System at close range, South Korea's top Air Force officer disclosed Thursday. In testimony before the National Assembly's Defense Committee, Gen. Kim In-ki, Air Force chief of staff, said that the South Korean Air Force has intensified its early warning and air surveillance capabilities through the establishment of a joint information gathering system and automated air defense system with the U.S. Air Force.

The South Korean Air Force is expediting the improvement of combat capabilities through the mass production of the domestically assembled 'Chegong' (skymaster) fighter-plane and the early deployment of sophisticated F-16 fighters this year, Kim added. He also said that the Air Force is prepared to launch a fatal strike in retaliation for any provocation staged by North Korea.

In other testimony, Adm. Choe Sang-hwa, chief of naval operations, said that the Navy will maintain perfect combat readiness, both on land and at sea, in order to prevent armed infiltration and provocation by North Korea, in order to guarantee the success of the Asian Games, scheduled for Sept. 21 to Oct. 5 in Seoul.

USSR, PRC PARTICIPATION IN OLYMPIAD ANTICIPATED

SK030018 Seoul THE KOREA HERALD in English 3 Apr 86 p 1

[Text] Minister of Foreign Affairs Yi Won-kyong said yesterday he expects, "in view of all circumstances," the Soviet Union and China will attend the 1988 Seoul Olympics. Yi said the two Communist superpowers, however, are likely to withhold announcing their positions on the Seoul Olympics until 1988. The minister was testifying before the National Assembly Foreign Affairs Committee.

He said the greatest hurdle to the successful staging of the world sports festival is North Korea's obstructionist scheme. The Pyongyang regime, he said, is making all-out efforts to obstruct the Seoul Olympics but the Seoul government will exert utmost efforts to forestall North Korea's tactics of impediment.

The minister said the government will endeavor to materialize the proposed inter-Korea summit talks by carefully observing changes in affairs on and around the peninsula. The summit meeting, if realized, should be designed to prevent war and make peace take root on the peninsula, he stressed. "The summit meeting is very desirable, and I hope it will take place without fail," he said.

Responding to opposition lawmakers' call for the postponement of Japanese Crown Prince Akihito's proposed visit to Seoul, Yi said the visit should be pursued amid "the people's mature cooperation."

The Foreign Affairs Committee was one of the 11 standing Assembly committees that convened on the second day of a seven-day committee session. The Steering Committee was not scheduled to meet. The Finance Committee, which was scheduled to assemble at 2 p.m., failed to convene for the second day because of the smoldering controversy over the settlement of a tax bill passed through the Assembly last December.

NKDP members of the committee demanded chairman Kim Yong-tae resign for contributing to the DJP's unilateral approval of the Tax Exemption and Reduction Bill last year. The chairman visited opposition committee members and expressed regrets over the action, saying, "I think my lack of virtue brought about controversy in the wake of the action." Opposition committee members, however, did not accept the chairman's virtual apology and refused to attend the committee session. In other testimony, Hwang Yong-si, director of the Board of Audit and Inspection, told the Legislative-Judiciary Committee that the board plans to inspect the foreign-currency management of Korean companies operating overseas. The checkup will be conducted through the Bank of Korea and the Office of Bank Supervision and Examination this year, he said. The director was replying to a question by Rep. Mok Yo-sang of the NKDP. A total of 475 government officials received disciplinary action last year for corruption and dereliction of duties, he said. Hwang said 231 of them were officials in charge of the issuance of permits and licenses.

NKDP members of the committee demanded that the government scrap its plan to form its own ad hoc constitutional committee. The committee would not be desirable, in that it would fall short of representing the people, they said. In the meantime, opposition members of the Home Affairs Committee focused their policy questioning on recent steps taken by police to cordon the NKDP headquarters. They called for the punishment of those police officers who they said broke the principle of political neutrality of the police.

WEINBERGER REVIEWS ROK SECURITY AT SCM ADDRESS

SK020711 Seoul YONHAP in English 0651 GMT 2 Apr 86

[Text] Seoul, April 2 (YONHAP) -- U.S. Secretary of Defense Caspar Weinberger said here Wednesday that the United States will keep its ground troops in Korea if the Korean people want and need them. "Let me assure you that the United States will retain a military presence here as long as the people of Korea want and need that presence," Weinberger said in an address at the opening session of the two-day South Korea-U.S. Security Consultative Meeting (SCM).

Weinberger, who is participating in his Sixth SCM, reviewed the history of U.S.-Korean relations, including the Korean and Vietnamese wars, noting the growth and maturation of those relations. "Once your nation depended almost totally on the United States. You now have your own defense industry and support well-equipped and modern armed forces with minimal security assistance from the United States," he said. The U.S. secretary said that he is well aware of the importance of the 1986 Asian Games and the 1988 Olympics, both to be held in Seoul, and that the United States will do its utmost to ensure the success of those two events. Weinberger said that the security of South Korea is very important, not only to the security of Northeast Asia, but also to the security of the United States. The U.S. Government is studying multilateral measures to strengthen security ties between Seoul and Washington, he added.

No Praises U.S. Commitment

SK030032 Seoul THE KOREA HERALD in English 3 Apr 86 p 4

[From the "Out and About" column]

[Text] Prime Minister No Sin-yong yesterday expressed high appreciation to visiting U.S. Defense Secretary Caspar Weinberger for the firm U.S. commitment to the security of Korea.

Weinberger, praising Korea's economic growth amid the burden of military spending, was quoted as saying a successful hosting of the '86 Asian and '88 Olympic Games will naturally pave the way for displaying Korea's ability.

In a 20-minute meeting at No's office, the premier was quoted as saying that Korea is "exaggeratedly" rumored to make a rapid economic growth but there is also a dark side about it. Korea has to pay some \$4 billion in interest annually, most of them going to Uncle Sam (United States), the prime minister was quoted as joking, asking him for further U.S. assistance to Korea.

CHON MAKES SWEEPING RESHUFFLE OF SUPREME COURT

SK021144 Seoul YONHAP in English 1115 GMT 2 Apr 86

[Text] Seoul, April 2 (YONHAP) -- South Korean President Chon Tu-hwan made a sweeping reshuffle of the Supreme Court justices on Wednesday, designating ten of the 13-member Supreme Court justices, according to the government sources. The reshuffle affected the eight Korean Supreme Court justices whose five-year term expires on April 16 and two other posts which have been vacant, the sources said.

Of the eight supreme justices whose term expires, Yi Chung-wu and Yun Il-yong will reportedly be retained to the post for the second term. The other eight judges who have reportedly designated as the Supreme Court justices are as follows: Yi Myung-hui, chief of Seoul High Public Prosecutor's Office: Yi Pyong-hu, chief of Incheon District Court: Yi Chong-sung, chief of Kwangju High Public Prosecutor's Office: Choe Chae-ho, chief of Taegu High Court: Kim Tal-sik, chief of Seoul Civil District Court: Pak Wy-dong, vice minister of the Judiciary Administration: and Yun Kwan, chief of Chonju District Court.

The five-year term of the ten designated Supreme Court justices will run through April 16, 1991.

DIRECT TRADE WITH COMMUNIST NATIONS PROMOTED

SK020128 Seoul THE KOREA HERALD in English 2 Apr 86 p 1

[Text] The government will seek to open direct trade with Communist countries, the Ministry of Foreign Affairs said yesterday. The ministry said it will make continued efforts to increase commercial and economic exchanges with Communist nations not only through the current indirect trade but through direct trade.

In a report to the National Assembly, it also revealed a plan to actively promote the dispatch of delegations to trade fairs to be held in the Communist bloc. It added that a Korean delegation has attended a trade fair held in Leipzig, East Germany, from March 16 to 22.

The report said an increasing number of trade-related personages from Communist countries have been visiting Seoul for negotiations. In accordance with its open-door foreign policy, the government will also continue efforts to expand exchanges in sports, culture and other fields. It noted the government will invite art troupes of East European countries to the Seoul International Folk Festival to be held in September in timing with the Asian Games. The government will also promote a plan to invite journalists of East European countries, said the ministry.

CHAIRMAN U NE WIN 'ABROAD' FOR 'MEDICAL CHECKUP'

BK020727 Rangoon Domestic Service in Burmese 0630 GMT 2 Apr 86

[Text] U Ne Win, chairman of the Burma Socialist Program Party, left for a trip abroad for a medical checkup at 0930 today. The party chairman was accompanied by his wife Daw Ni Ni Myint; Thura U Kyaw Htin, party Central Executive Committee member, deputy prime minister, and minister of defense; and U Lay Maung, member of the Council of People's Attorneys.

The party chairman was seen off at Rangoon airport by U San Yu, party vice chairman, president, and State Council chairman, and his wife; party Central Executive Committee members headed by U Ayi Do, party general secretary, and their wives; State Council members and their wives; Prime Minister U Maung Maung Kha and members of the Council of Ministers; chairmen of the central organs of power and their wives; and high-ranking military officials.

LPDR FOREIGN MINISTER STOPS OVER EN ROUTE TO USSR

BK021400 Rangoon Domestic Service in Burmese 1330 GMT 2 Apr 86

[Text] Mr Phoun Sipaseut, vice chairman of the Council of Ministers, and foreign minister of the Lao People's Democratic Republic, stopped over briefly at Rangoon Airport at 1630 today enroute to the Soviet Union on an Aeroflot aircraft. The Lao vice chairman and his delegation were welcomed at the airport by U Ye Guang, minister of foreign affairs; responsible officials of the Foreign Ministry; and Mr (Phoungoun Thavonsa), charge d'affaires ad interim of the LPDR Embassy in Burma. The Lao vice chairman departed from Rangoon Airport at 1730.

VOPB MARKS ARMED REVOLUTION 38TH ANNIVERSARY

BK301409 (Clandestine) Voice of the People of Burma in Burmese 1230 GMT 29 Mar 86

["Article": "The Glory of the People's Democratic Armed Revolution Will Shine Forever"]

[Text] The People's Democratic Armed Revolution of the great people of Burma reached its 38th year on 28 March. On this auspicious 38th anniversary, we solemnly pay tribute to the people, combatants, and our party members, who have fallen gloriously during this long period while treading on a difficult and tortuous path. At the same time, we extend our warm greetings to people and comrades who are waging various forms of struggle against the military government in urban and rural areas, in enemy prisons, and in liberated areas.

On this occasion, we would also like to express our sympathy for the people who are facing all kinds of economic and social difficulties and all forms of oppression by the military government. In the past 38 years, the people of Burma have not only refused to kowtow to the oppressions or to surrender, they have even waged all kinds of struggle and resistance; and for this, they have earned unparalleled prestige. The people will not allow this prestige to be tarnished, and there can be no doubt whatsoever that they will continue upholding the prestige they have maintained for the past 38 years.

The economic situation in Burma today is such that even the brazen-faced military government had to indirectly acknowledge the economic difficulties in the People's Assembly.

At the so-called second session of the showcase Fourth People's Assembly, responsible officials of the military government, citing world economic problems as an excuse, admitted that the country, like other developing countries, also faced economic difficulties.

From the way they have behaved for more than 20 years, the people already know that the top leaders of the Burma Socialist Program Party [BSPP] would not have disclosed their problems if these were minor ones. The problems now are setting records in Burma's history in a negative way; the external trade deficit is the highest, the foreign debt is the largest, the debt servicing ratio is the greatest, rice exports are at their lowest, and so forth.

The top bosses of the military clique, though they have tried in many ways, cannot prevent prices and inflation from rising. It is true that underdeveloped countries are facing the worst kind of major problems today. Because of economic difficulties, the governments are facing all sorts of opposition from the victimized people. In addition, we have also seen dictators like Marcos of the Philippines and Duvalier of Haiti flee in disgrace from their seats of power of many years because of uprisings that originated with economic problems. It is also common knowledge that the position of dictators in many similar countries are shaky. Is the BSPP military government unaware of the goings-on? No. Not only is it aware of this, it sees and perceives the situation very clearly. The military clique is preparing on all fronts to confront such a situation.

Politically, the military government solves its own problems in a ruthless manner -- it dismisses one person after another and sidelines them. Economically, it [word indistinct] methods, such as raking in as many loans and as much assistance as possible, and robbing [demonetization] the 100-kyat, 50-kyat, and 20-kyat notes from the people. But it also appears to be aware that the difficulties being faced cannot be overcome by such methods alone. And that is why an alert is on within the ranks of the military government to prepare to use violence in confronting the situation -- the only approach the government thinks is energetic and reliable enough. Various intelligence units have been reinforced and deployed extensively, and various armed forces, including the mercenary army, have been put on alert and on increased readiness. Because of the very nature and characteristic of the military government the people of Burma have taken up arms and revolted. A very evident lesson learned during the 38-year history is that people are nothing without armed revolution.

The chapter on Tactical Line and the Main Form of Struggle in the Political Report submitted at the Third National Party Congress by the Burma Communist Party explains: You must understand that there will be no standing for the proletariat and the people, and the people's democratic revolution will fail without the armed struggle. The people will have nothing if there is no People's Army. We have also understood that the armed struggle must be the main form of struggle and that it must be integrated with other forms of struggle. All comrades in the party must always bear in mind that we have paid for such experiences and lessons with our blood. It is essential that they firmly grasp these correct experiences and put them into practice. These very words stated at the Third Party Congress not only spur the party members into action, but also amount to a great service done in gratitude to the people by the entire party.

Although there have been errors and deviations by the party during these 38 years of armed revolution, it has never betrayed or turned its back on the people of Burma. Party members and combatants of the People's Army have firmly held on to their arms and have been persistent in waging the peoples democratic revolution by integrating their struggle with other forms of struggle. At the same time, communists do not forget that it is only thanks to the people that they could wage, for such a long time, the violent armed revolution. They also firmly believe that all difficulties that lie ahead can definitely be overcome if they advance in unity with the people.

SPK REJECTS VODK 'OPEN LETTER' ON PEACE PROPOSAL

BK021406 Phnom Penh SPK in English 1120 GMT 2 Apr 86

["Hawker" -- SPK headline]

[Text] Phnom Penh SPK April 2 -- At China's beck and call, the radio of "Democratic Kampuchea" has once again knocked at the doors of the Kampuchean and Vietnamese peoples asking them to accept what it called "an eight-point peace proposal for Kampuchea" like a hawker trying to sell "old wares."

Anyone could easily see that the so-called "peace proposal" masterminded by Beijing and echoed through an open letter on Saturday by the "CGDK" or the Pol Pot clique in disguise, is just another "diplomatic ploy."

Those Khmer traitors and their bosses in Beijing are well aware that the situation in Kampuchea is more and more stable. The government of the People's Republic of Kampuchea is effectively administrating the country, growing in strength and enjoying strong support from peoples at home and abroad.

In an attempt to reverse the situation, they are resorted [as received] to all means, military, political, diplomatic, and collaborate with the U.S. imperialists and the ultra-rightists in the Thai ruling circles. However, they have met with one failure after another, particularly the latest defeat in the 1984-85 dry season along the Kampuchean-Thai border.

Making the best of their desperate situation, they are trying to sell the so-called "eight-point peace proposal" and day-dreaming that the key posts in the so-called "quadripartite coalition government of Kampuchea" would be given to their men Sihanouk as the president and Son Sann as the prime minister. How can the Kampuchean people accept these discredited men as their leaders.

It is ironical that the Khmer reactionaries, by (?making) this proposal, have hoped to topple the People's Republic of Kampuchea Government, which they have failed [to do] in the past seven years. All these acts, backed by the Chinese expansionists, the U.S. imperialists and some reactionary circles in the ASEAN states, show that they have sought ways and means to oppose the Kampuchean people's rebirth trying hard to distort the real situation in Kampuchea by making such [word indistinct] lies as the recent attack on Pochentong Airport, the Friday attack on the provincial town of Battambang and other imaginary victories of their own.

Seriously still, their bosses -- the Chinese expansionists and the U.S. imperialists -- not only turn a deaf ear to the fact but also ignore the latest proposal of the three Indochinese countries for a peaceful solution to the regional issues as well as the Kampuchean problem, the proposal which has won support from broad section of world public, including those in a number of ASEAN countries.

For the Polpotist criminals and other Khmer reactionaries, what they can expect to get is more [word indistinct] from the Kampuchean Armed Forces in cooperation with Vietnamese Army volunteers. The only thing they can achieve is their total defeat, military, political and diplomatic. All their schemes, however treacherous they are, will certainly come a cropper.

U.S. AID SOUGHT IN RELEASE OF LAO POLITICAL POWS

BK020719 Bangkok THE NATION in English 31 Mar 86 p 4

[By Bounyadet Maktheparak]

[Text] Nakhon Phanom -- For ten long years, Americans have maintained a constant vigil for their missing-in-action and prisoners-of-war in Indochina, who number 2,441. Talks between Washington, Hanoi, and Vientiane have achieved only limited success to date, although an American team recently excavated a U.S. aircraft crash site near Hanoi.

American and Vietnamese officials have also recently discussed a possible release of 10,000 Vietnamese nationals from "re-education" camps in Vietnam. Although lacking details on the identities of these detainees, the U.S. State Department has expressed a willingness to resettle these 10,000 in the USA.

America's compassion and generosity towards its Vietnamese allies have been amply demonstrated over the years. This most recent gesture may help inch the USA towards normalization of relations with Vietnam and thereby improve chances for a satisfactory resolution of the issue of American MiAs-PoWs in Vietnam.

During the Vietnam War, the three Southeast Asian nations of Thailand, Laos, and the Philippines made significant contributions to the war effort by providing bases and logistical support to the American military. In addition, the tiny Kingdom of Laos also committed many of its own sons as anti-communist combatants during the 15-year struggle. Regrettably, that human toll has never been adequately acknowledged by the U.S. Government.

In mid-1975, while the victorious communist forces were setting up their governments in Vietnam and Cambodia, the communist Pathet Lao forces of Laos were methodically arresting and disarming the Royal Lao military command and all its officers, together with key civilian leaders. By the end of 1975, approximately 15,000 men had been arrested, including ranking army, air force, and police officers, cabinet ministers, royal princes, ambassadors, provincial governors, doctors, lawyers, scholars -- the entire leadership of Laos which had not been a part of the Pathet Lao communist revolutionary movement. These "enemies of the New Laos" were then air-lifted to the Plain of Jars in northern Laos for mass internment, without trial.

Forcibly separated from their families, these men were denied all rights, physically abused, and forced to clear and plough jungle fields, dig irrigation canals, and haul heavy loads. Without sufficient food or medical care, hundreds died of exhaustion, malnutrition, jungle fever, and disease in this "gulag" of Laos. King Savang Vatthana died of intestinal ailments in the high-security Sop Hao Prison in 1978, after three years in detention.

Since 1979, a few thousand Lao and Hmong political prisoners have managed to escape (often by bribing their Pathet Lao prison guards) and have fled to neighbouring Thailand. Here, the escapees joined the tens of thousands of economic migrants from Laos who seek resettlement in the USA.

A decade after the communist takeover, there are still more than 6,000 men in political prison camps in the mountainous interior of Laos, near the border with Vietnam. Their health is poor, and they suffer severe depression. Any property which they once owned has been seized by the state, and their families have been constantly harassed by the Lao secret police.

In recent years, the Pathet Lao have "invited" the families to join their loved ones in the prison camps, thereby reducing the risk of further escapes from the camps. Some families have made the heart-wrenching decision to leave Laos and flee to Thailand.

There are now at least 3,000 political prisoners being held in eleven jungle camps along the Nam Ma River and its tributaries in Houa Phan Province, northern Laos. These are known as the "Viangsai Seminar" camps. In the south, there are more than 1,000 prisoners in five camps in Sepon District of Savannakhet Province, where the Ho Chi Minh Trail is located.

There are another 1,000 in four prison camps in Dakchung District of Sekong Province; and another 1,000 in four sites in Sanamsai and District of Attapeu Province. The political prison system is managed by local provincial authorities, while the overall programme responsibility rests with the "Seminar Affairs Office" of the Ministry of Interior, in Vientiane.

All of these 6,000-plus prisoner-survivors were closely allied with the U.S. Government in Laos prior to 1975, and they have suffered terribly because of that past association. Without the help of these men, the U.S. Air Force interdiction of the Ho Chi Minh Trail, as well as the aerial bombardment of North Vietnam, would not have been possible.

Without the help of these allies, American casualties in Indochina would most certainly have been much higher. America is indebted to these survivors of the "forgotten War" in Laos.

Although U.S. Government officials have never attempted to document political prisoners in Laos, a good deal of information has been collected by escapees and passed on to the Americans.

Why, then, have the Americans remained silent on this matter for the past ten years? Never, in all that time, has any American -- State, Defence, CIA, Red Cross, or private citizen -- ever approached the Lao Government officials in Vientiane to seek the release of these political prisoners. (Lao persons within the Lao Government have confirmed this.)

The bitterness and disappointment of the affected families runs deep, particularly in recent years, as Americans reach out to help Vietnamese prisoners of conscience.

Dec 2, 1985 marked the 10th anniversary of the establishment of the Lao People's Democratic Republic. An amnesty for political prisoners in Laos could benefit both these prisoners and the New Laos, resulting in a measure of national reconciliation and an improved world image. (The Soviet Union and Poland are expected to grant amnesties for some of their own political prisoners very shortly, and could possibly "encourage" their little Lao brother to follow suit.)

Furthermore, an American offer to resettle these men and their immediate families in the USA -- 12,000 miles away -- would, in effect, permanently remove this thorn from the side of Laos.

After ten long years of imprisonment, these men deserve no less.

U.S. ACTION IN LIBYA CALLED CRUDE TERRORISM

BK021202 Vientiane KPL in English 0911 GMT 2 Apr 86

[Text] Vientiane, April 2 (OANA-KPL) -- "The U.S. continued threats against Libya is a manifestation of a military adventurism and terrorism manifested in its crude nature," the Lao leading daily "PASASON" describes in its commentary today.

The recent U.S. 6th Fleet violation of the Libyan territorial waters in Sidra Gulf, and its attack of the Libyan coastal territory were premeditated by Washington with a view of threatening countries in the region. In its tricks of inciting arms conflicts, United States is keen on violating the territorial integrity of others that did not follow its ambitious policy.

With regard to Libya, Washington has resorted to all means and measures, including threats and economic blockade, against this independent and sovereign state. The Libyan retaliation against the U.S. intrusion upon its security and sovereignty is Libya's inalienable right.

Regarding the geographical location of Sidra Gulf, the U.S. military maneuver in the area is a clear evidence of U.S. displeasure with the region. It is directly aimed at provoking and threatening the regional peace and security. Otherwise, there is no need for Washington to proceed to have military exercises in this gulf which is more than ten thousands kilometers from U.S. coast.

With this connection, the Lao representative to the UNO [UN Organization] strongly condemned the U.S. provocative acts against Libya, describing it as a violation of international norm.

Despite world-wide condemnation, United States further boldly declares to repeat its military maneuver in Sidra. This declaration is a stubborn attitude showed by Washington with regard of the implementation of its military venture in the region -- thus threatening regional peace and stability.

PASASON HAILS CPCZ CONGRESS, HUSAK REELECTION

BK021134 Vientiane KPL in English 0905 GMT 2 Apr 86

[Text] Vientiane, April 2 (OANA-KPL) -- "PASASON" the organ of the LPRP today front-pages an editorial to hail the 17th Congress of the CPCZ. Having acclaimed the success of the congress, closed on March 28, and the unanimity in reelecting Gustav Husak as general secretary of the CPCZ, the editorial informs that the historical congress of the CPCZ has unanimously accepted the political report made by Gustav Husak, the guidelines for economic and social development of Czechoslovakia for 1986-1990 and the year 2000.

The congress, the editorial hails has made a decisive step required for the development of the Socialist Republic of Czechoslovakia in a new stage, a stage of developed Socialist building.

The Lao party, government and people wholeheartedly hailed the multifaceted achievements scored by the Czechoslovak people in the past years and thanked the party, government and fraternal people of Czechoslovakia for having continuously rendered effective support and help to the Lao revolutionary cause in the stage of the national democratic revolution as well as in the present stage of socialist transformation and construction.

The Lao people, under the leadership of the LPRP with General Secretary Kaysone Phomvihan as head, says the paper, will do their utmost to widen and strengthen the relations and cooperation between the parties, governments and peoples of Laos and Czechoslovakia on the basis of Marxism-Leninism and socialist internationalism.

The Lao party, government and people believe that under the leadership of CPCZ having Gustav Husak as general secretary, and enjoying the cooperation and assistance from fraternal socialist countries, especially from the Soviet Union, the people of Czechoslovakia will score new successes in implementing the 17th congress's resolution and the eighth five-year plan of the state for happiness, prosperity of the fraternal Czechoslovak people, for peace and socialism, the paper concludes.

KAYSONE PHOMVIHAN CONGRATULATES BCP ON CONGRESS

BK021214 Vientiane KPL in English 0859 GMT 2 Apr 86

[Text] Vientiane, April 2 (KPL) -- Kaysone Phomvihan, general secretary of the LPRP CC, today, sent a message of greetings to the 13th congress of the Bulgarian Communist Party [BCP] CC.

The telegramme writes: On behalf of the LPRP, Lao workers and people, we would like to convey best congratulations to the delegates of the 13th congress and through you to the fraternal Bulgarian Communists, workers and people.

It goes on: "The 13th congress of the BCP is a great significant historical event in the political life of the Bulgarian people, as well as for the revolutionary and peace movements in the world. Under the leadership of the BCP nurtured by the late G. Dimitroff, the Bulgarian Communists and workers have scored brilliant deeds in the safeguarding of the revolutionary causes and in the building of the developed socialist Bulgaria in the fields of industry, science and technology, culture, national defence. And consequently, the well being of the people has been raised.

The message continues: "As member of the Warsaw Treaty and CEMA, the People's Republic of Bulgaria [PRB] together with other socialist countries having the Soviet Union as a reliant support, Bulgaria has firmly struggled against arms race and nuclear threat, for peace, friendship and cooperation in Europe and in the world. All these have raised the prestige of Bulgaria internationally.

"We are proud to see that the further strengthening of the fraternal friendship, solidarity and cooperation on the basis of the treaty of friendship and cooperation signed in 1977 between the Lao PDR and the PRB. We would like to express our deep thanks to the party, government and people of Bulgaria for their priceless assistance to the Lao revolutionary causes in the past as well as at present.

The telegramme wished in conclusion that the 13th congress of the BCP be crowned with success and the Bulgarian people to score great achievements in socialist construction.

U.S. SINCERITY ON ARMS STOCKPILING QUESTIONED

BK021540 Bangkok NAO NA in Thai 2 Apr 86 p 4

[Editorial: "The War Reserve Stockpile"]

[Text] U.S. Defense Secretary Caspar Weinberger will visit Thailand on 7-9 April to discuss with the prime minister and high ranking Thai officials the plans to establish a war reserve stockpile [WRS] in Thailand.

Preparations have been under way for the establishment of the WRS since Prime Minister General Prem Tinsulanon's latest visit to the United States. Recently, the U.S. assistant secretary of state for Asian and Pacific affairs came here to discuss final preparations.

However, the government and those concerned have still not provided the public with any details of the issue beyond an explanation that the United States will set up this war reserve depot on Thailand so that the Thai Armed Forces can use the weapons in case of an emergency -- which will be beneficial to the Thai Armed Forces since it will not have to spend money stockpiling weapons at a time when we are facing economic problems. However, it is still not clear whether everything can be carried out as explained behind the scenes or whether there will be secret activities behind the scenes despite the calls for a full explanation by the government.

A U.S. Defense Department statement on Caspar Weinberger's visit to Thailand says that the Thai Armed Forces will benefit from the establishment of the WRS. It appears that the United States is making a significant contribution to Thai security without getting anything in return -- a really helpful ally.

So-called U.S. assistance to Thailand in the past and its present protectionist measures against Thailand, including the Farm Act, make it hard for the Thai people, who are the best friends of the United States, to trust the United States anymore. They see that the United States does things only for its own benefit.

We think the government should make a clear explanation to the public and, at least, should seek approval from the Parliament. In any event, it must be made clear that no nuclear weapons will be stored at the depot because such weapons storage would only cause problems as serious as the Farm Act.

Prem, Weinberger To Hold Talks

BK030145 Bangkok BANGKOK POST in English 3 Apr 86 p 3

[Text] Prime Minister Prem Tinsulanon is expected to point out to U.S. Defense Secretary Caspar Weinberger Thailand's need for the war reserve stockpile when they meet in Bangkok on April 8. A government source said the talks between Gen Prem and Mr Weinberger would cover such aspects as the types of weapons and ammunition, the location of the stockpile, sharing of expenditure and how the stockpile is to be used jointly by the two forces.

The sources said no agreement would be signed because of legal hurdles and other problems which need to be overcome by both sides. The source said that under U.S. law, a war reserve stockpile can be established in certain countries where there are U.S. bases, among them are the Philippines, South Korea and Japan.

As for the case of Thailand where there are no U.S. bases, the source said that the Reagan Administration had to seek approval from the Congress which will have to amend a law or introduce legislation which will make it possible for the establishment of war reserve stockpile in Thailand.

The possible location of the stockpile, or the warehouse, is likely to be in the central region, said the source, who, however, added that it was negotiable. The source said the bulk of the war stockpile would be ammunition.

The government, he said, would have to launch a publicity campaign to inform the public -- especially various pressure groups -- about exactly what such a stockpile may precede the return of U.S. military bases to this country.

The establishment of an arms and ammunition stockpile here would help solve the problem of Thailand having to purchase a huge reserve stockpile which it cannot afford. Thailand's military hardware inventory is no match compared to Vietnam's which has received huge arms supplies from the Soviet Union.

LEADERS OF TANK UNITS IN COUP ATTEMPT IDENTIFIED

BK030215 Bangkok BANGKOK POST in English 3 Apr 86 p 3

[Text] An Army captain and lieutenant led tank units in the September 9 coup attempt, the Criminal Court was told yesterday. State witness Sgt Phairot Thimmanop of the 1st Company, Fourth Cavalry Battalion, said his unit commander, Lt Somphong Chaeng-im, opened fire from the tank he was in at the height of the coup attempt. Sgt Phairot told the court he was responsible for reloading the tank cannon and was unaware of Lt Somphong's target.

The witness said he was ordered to report to the tank unit at the Royal Plaza and was aboard one of the tanks in front of the Supreme Command headquarters, which was the coup headquarters.

Another state witness, Mst Sgt Rattanachai Chuanchun of the 3rd Company, said he was ordered by Captain Nakkharin Nak-athit, who remains at large, to fire at the First Army Division headquarters. Mst Sgt Rattanachai said he refused to follow the order because he was told to drive the tank to a position where it would be the sole target of government troops.

The witness said his tank was among a unit of armoured vehicles deployed to take over Government House. Unit commander Lt Suwat Chanramat, the eighth defendant, was also aboard one of the tanks which went to Government House.

Mst Sgt Rattanachai said he arrived at the company headquarters early on September 9 and saw First Battalion Regiment commander Col Bunsong Phattharasongkhram talking to soldiers, but he could not hear the conversation because of the noise of tank engines. Col Bunsong was transferred to an inactive post following the coup attempt.

Mst Sgt Kriangkrai Kaiyai, also of the 3rd Company, said he was aboard a tank at Government House on September 9. He said he was ordered by battalion commander Lt-Col Phinit Chonprom to return to barracks, but was also instructed by Lt Suwat to remain in position. Mst Sgt Kriangkrai said he did not realise he was with the rebel forces until he was ordered to surrender later in the afternoon.

LAO TROOPS REPORTEDLY FIRE ACROSS BORDER

BK290253 Bangkok THE NATION in English 29 Mar 86 p 2

[Text] Nong Khai -- Laotian soldiers in the past two days fired AK rifles across the border into Thailand, damaging 12 Thai villagers' houses in Sangkhom District here, provincial officials reported yesterday. They said the first incident took place at about 6 pm on Wednesday when the Laotian soldiers fired more than 100 rounds at Choeng Village in Tambon Katang, damaging six houses. No casualties were reported.

The Vientiane soldiers later fired another 80 rounds at Thatsoem village in Tambon Kaengkai at about 7 pm on Thursday, they said. Six houses were damaged but no casualties were reported.

Meanwhile, reliable sources said the Vientiane government soldiers clashed with Laotian rebels several times opposite Chiang Khan and Pak Chom district of Loei this week. They said a group of about 20 Vientiane soldiers was ambushed by the anti-Vientiane rebels Monday while they were travelling on a Soviet-made truck along a national highway linking Sanakham and Kasi towns.

A company of Laotian rebels, mounted a 20-minute attack with rocket propelled grenades, AK and M-16 rifles on the truck at Pooyer about 40 kilometres north of Chiang Khan, killing two Vientiane soldiers and wounding nine others, they said. More Vientiane soldiers were sent Tuesday morning to the area.

According to the sources, Vientiane troops also surrounded a village which shelters about 900 Hmong hilltribes people, on suspicion that the hilltribesmen had been lending support to the rebels. They said the pro-Hanoi soldiers later killed Thao Laotoung-gna, the village's headman, and 46 other Hmong villagers.

BRIEFS

TRADE DEFICIT REDUCED -- For 2 consecutive years, Thailand has succeeded in reducing the country's total trade deficit with its trading partners. Last year, Thailand registered a total trade deficit of 62.7 billion bhat, a decrease of 10.3 percent when compared to 1984. In 1985, Thailand exported 193 billion baht, worth of products, and increase of only 4.5 percent. According to a statistics compiled by the Commerce Ministry's Department of Business Economics, Thailand's trade expansion for 1985 was recorded at 6.7 percent. [Excerpts] [Bangkok Domestic Service in English 0000 GMT 1 Apr 86 BK]

CHINESE SHELLING, INCURSIONS IN MARCH NOTED

OW021508 Hanoi VNA in English 1458 GMT 2 Apr 86

[Text] Hanoi VNA April 2 -- From March 1-28, Chinese troops fired nearly 20,000 artillery and mortar shells on the 14 populated areas in many northern border districts.

These districts included Quang Ba, Vi Xuyen, Yen Ninh, and Xin Man (Ha Tuyen Province); Bao Lac, Trung Khanh, Ha Lanv, Ha Quang, and Tra Linh (Cao Bang Province); Dinh Lap, Cao Loc, Loc Binh (Lang Son Province); and Po Hen and Quang Ha (Quang Ninh Province).

Particularly, in the last three weeks of March, they made over 10,000 shellings on Vi Xuyen District, Ha Tuyen, alone.

In addition, Chinese troops made 20 incursions with commandos and scouts for sabotage into all six Vietnamese northern border provinces of Lai Chau, Hoang Lien Son, Cao Bang, Ha Tuyen, Langson and Quang Ninh. They also kidnapped two Vietnamese who were working in their fields at the area of marker post 39 (Cao Bang) on March 1, and of marker post 2 (Ha Tuyen) on March 8.

The local army and people intercepted the intruders in time, killing a number of them and destroying a quantity of ammunition and lorries.

VNA 'AUTHORIZED' TO REJECT THAI 'FABRICATION'

OW021522 Hanoi VNA in English 1456 GMT 2 Apr 86

[Text] Hanoi VNA April 2 -- According to foreign reports, on March 31, 1986 the Thai Foreign Ministry sent a letter to the United Nations secretary general slanderously charging that Vietnamese troops had on many occasions intruded into, laid mines and fired artillery on Thai territory.

VIETNAM NEWS AGENCY is authorized to completely reject the fabrication.

This is only a shop-worn slander made by the Thai authorities to cover Thai troops' gross violations of the sovereignty and territorial integrity of the People's Republic of Kampuchea in support of the reactionary Khmer clique living along the Thai-Kampuchean border to continue their criminal activities against the Kampuchean people.

INDOCHINESE HEALTH MINISTERS CONFERENCE OPENS

OW021843 Hanoi VNA in English 1502 GMT 2 Apr 86

[Text] Hanoi VNA April 2 -- A conference of the public health ministers of Kampuchea, Laos and Vietnam was opened here this morning.

Present were Kampuchean Minister Yit Kim Seng, Lao Minister Khamliang Phonsena and Vietnamese Minister Dang Hoi Xuan.

Addressing the opening session, To Huu, Political Bureau member of the Communist Party of Vietnam Central Committee and vice chairman of the Council of Ministers, brought out the close cooperation in public health among the three Indochinese countries in recent years, especially Malaria prevention and fighting, personnel training, collection of medicinal plants, production and distribution of medicines and exchange of health experts.

He expressed his belief that this conference would promote the spirit of international cooperation in order to settle the urgent demands of protection of public health and build and develop the health network at districts and villages in the coming years. In the first day's seating, the conference heard reports by the Kampuchean and Vietnamese ministers.

Before the opening of the conference, the three countries' health delegations paid tribute to President Ho Chi Minh at his mausoleum.

HANOI PARTY COMMITTEE DISCUSSES CPV RESOLUTION

BK021048 Hanoi Domestic Service in Vietnamese 2300 GMT 1 Apr 86

[Text] Over the past 3 days the standing committee of the Hanoi municipal party committee held a conference to discuss urgent measures to implement correctly the resolution of the party Central Committee's eighth plenum. The conference unanimously endorsed the party Central Committee Political Bureau's view on our country's socio-economic situation since the implementation of the new policy on prices, wages, and money; the cause of and responsibility for various shortcomings; and urgent policies and measures to correctly implement the resolution of the party Central Committee's eighth plenum.

The municipal party committee noted that in implementing the party Central Committee's resolutions, it has firmly maintained the systems of making reports and obtaining the guidance of the party Central Committee Secretariat and the Council of Ministers' Standing Committee, coordinated with ministries and central sectors to carry out municipal activities. It has also designed various appropriate measures to develop the socioeconomic tasks of the capital in the framework of its function and responsibility. Since early this January, the municipal party committee has applied the policy of selling goods according to the stabilized prices and has supplied more staple goods -- namely rice, fuel, pork, fish sauce, and sugar -- to cadres, members of the Armed Forces, and those who are entitled to social pension.

The municipal party committee, in implementing the resolution of the party Central Committee's eighth plenum and the party Central Committee Political Bureau's Resolution No 28, has initiated very important changes in production and circulation. A number of sectors, districts, and grassroots units have carried out their tasks actively and more effectively, thereby advancing further and partially overcoming the conservative and sluggish phenomena in their activities, organization, and economic management.

The municipal party committee also discussed measures to supervise the implementation of various tasks. These measures include the sending of municipal party committee members and its standing body members to work at grassroots units, upholding the responsibility and authority of each individual cadre in conducting criticism and self-criticism in a comradely spirit, and making objective evaluations on each individual's performances. All echelons, sectors, and individuals must report the true performance of their work. Strict measures will be taken against those units and individuals who make false reports.

The conference stressed the significance of carrying out various urgent work to create clear-cut changes in the socioeconomic tasks of the capital. This is the best way to prepare for the capital's party organization congresses at various echelons and the Sixth CPV National Congress.

STATE BANK ISSUES CIRCULAR ON SAVINGS ACCOUNTS

BK021259 Hanoi Domestic Service in Vietnamese 2300 GMT 1 Apr 86

[Text] Pursuant to Resolution No 31-HDBT, 28 March 1986 of the Council of Ministers, which decides the policy on ensuring the value of money in savings accounts, the general director of the state bank issues the following circular as guidance for implementing the resolution:

1. The value of money in savings accounts is ensured through earned interest at the monthly rate of 2 percent. Effective 1 April 1986, all types of money in current savings accounts with passbook and saving records will draw interest at the incentive rate of 2 percent each month.
 - a. Savings accounts without a time limit, including limited saving records, formerly drew 3 percent interest and now draw 4 percent interest each month.
 - b. Savings accounts with a 3-year limit which formerly drew 2.5 percent interest now draw 4.5 percent interest each month.
 - c. Savings accounts with a 5-year limit which formerly drew 3 percent interest now draw 5 percent interest each month.
 - d. All other types of savings accounts now also draw monthly interest at the incentive rate of 2 percent.
2. Additional time-limit savings accounts with interest and guaranteed value are hereby established.
 - a. Effective 1 April 1986, the state bank issues additional procedures for opening 6-month and 12-month savings accounts. These savings accounts draw interest at a basic and steady rate, and the value of the money deposited in the accounts is ensured by equivalent amounts of rice bought beyond the 2-way contracts at the price prescribed by the state for provinces, cities, and special zones at the time the money is deposited. When the time limits expire and if the money is withdrawn, it will be computed according to the amounts of rice shown on the savings records and in accordance with the current price.

The price of rice bought beyond the 2-way contracts is posted by the people's committees of provinces, cities, and special zones at various counters of socialist saving accounts to that everyone is aware of the rates when depositing and withdrawing money.

b. The 6-month savings account draws interest at the rate of 0.5 percent each month while the 12-month account draws 1 percent interest each month. The interests are calculated on the principal at the time of deposit and paid at one time when the principal is withdrawn.

c. Depositors of money in savings accounts receive passbooks showing time limits of 6 or 12 months. The money deposited is converted into kilograms of rice at the currently prescribed prices. Depositors should be encouraged to deposit amounts of money equivalent to an even number of kilograms of rice. They can delegate others to deposit money for them.

d. If owners of these two savings accounts want to withdraw money before the time limit expires they still can draw interest at the rates prescribed for no time-limit saving account. They will not be entitled to incentive rates or a monetary value guarantee.

3. The capital mobilized in this way will be used to extend loans with interest commensurate to the amount of interest to be paid to depositors plus the costs of insurance for the value of deposited money.

Implementing the state policy of ensuring the benefits of savings account holders, the expenses for paying interest, incentives, and costs of insurance for money held in accounts will increase. However, effort should be made to avoid inroads into the state budget. As a result, these mobilized funds must be used well to extend loans, develop the effectiveness of funds collected from the people, and return them to the people to support production, improve the livelihood of the people, and collect reasonable interest.

The general director of the state bank authorizes all directors of state banks and socialist savings accounts in provinces, cities, and special zones to use the mobilized funds to extend loans to various economic recipients and elements and to collect interest at the prescribed rates commensurate to the amount of interest and monetary value insurance costs paid to owners of saving accounts.

NHAN DAN GREET'S YOUTH UNION'S 55TH ANNIVERSARY

BK271420 Hanoi Domestic Service in Vietnamese 2300 GMT 25 Mar 86

[NHAN DAN 26 March editorial: "Gloriously Inherit the Preceding Generation's Revolutionary Undertaking"]

[Text] Today, 26 March, our youth and people commemorate the 55th anniversary of the Ho Chi Minh Communist Youth Union (HCMCYU), the revolutionary vanguard of Vietnamese youth. The union's 55 years of growth are glorious pages in our youth's history and a cause of pride for our party and nation.

Educated, cared for, and led by Uncle Ho, the youth union and Vietnamese young generations have scored outstanding achievements and glorious armed exploits through several former stages of the revolution and resistance as well as in building and defending the socialist fatherland.

No matter what domains or under what circumstances, youths always remain the assault force full of revolutionary will and labor creativity which makes worthy contributions to the glorious traditions of the nation and the Ho Chi Minh era's young generation. By living, fighting, working, and learning from great Uncle Ho's examples and by going wherever and doing whatever the country and people need, our youths have composed great epics.

Today like yesterday, our party and people always nurture affectionate sentiments for youths and place their trust in youths. The young soldiers at the strongholds along the northern border and on remote islands; the young workers and peasants in ricefields, factories, farms, forests, cooperatives, and at project sites; the assault youth force units toiling in new economic zones; and the young scientists and experts engaged in research and inventive work, all constitute the images of Vietnamese revolutionary heroism.

However, at present, the youth movement is neither widespread nor strong. The operating procedures of the union take time to be renovated in many localities. There are still many poor and weak youth union organizations. Some of the youths have not correctly set their struggle ideals and objectives. Their fighting will has declined and their sense of mastery over society and themselves is not high enough.

These weaknesses are due to several causes. It is primarily because of deficiencies in the socioeconomic management and organizational and ideological tasks. The administration and party committee at many echelons have neglected the youth task and have lost their vigilance against the enemy's multifaceted war of sabotage which is aimed at luring and poisoning youths.

Many party organizations have not thoroughly understood the Political Bureau resolution on intensifying party leadership over the youth task and have not adequately realized the strategic significance of the task. They are still narrow-minded, fail to correctly assess the great potential and fine character of youths, and have not paid due attention to youths' legitimate interests. They have only used youths and neglected the training of youths. Many degenerate and deviant cadres and party members and many families have lacked a sense of responsibility, exerting a bad influence on youths.

The youth task is now very heavy. The task of educating the youth in the revolutionary ideology and virtues is of prime importance and urgency. Youths should live and strive for the materialization of the ideal of "all for the socialist fatherland and the happiness of the people" and the ideal of communism.

The youth union organizations are responsible for organizing education and motivating their members to outstandingly fulfill the role of a revolutionary assault force, to make positive contributions, and to render useful services to the building and defense of the socialist fatherland. Organizing an intense and widespread movement for revolutionary acts among youths, and developing youths' collective mastery constitute the process of intensifying party leadership and consolidating the primary units of the youth union.

The revolutionary situation and task require all party committee echelons to further emphasize the ideological and educational tasks, making youths correctly realize the struggle between the capitalist and socialist paths and between the enemy and us so that they can develop revolutionary virtues, labor discipline, and a healthy way of living; heighten their standard of educational, scientific, and technical knowledge; and develop their physical strength and creativity.

The tasks of forming, training, and correctly organizing the contingents of young cadres are of decisive significance to the building and consolidation of the youth union in the ideological, political, and organizational fields.

It is necessary to stress the need to enhance the quality of union and fostering outstanding youth union members for introduction into the party. We should promote the initiative of youth union chapters in assembling and uniting youths, develop the political activity of youth union members in all fields, arrange for the youth union to participate in party development when the party committee echelons conduct self-criticism and criticism, make preparations for party congresses at all levels, and advance toward the sixth national congress of the party.

Intensifying party leadership over youth work must be materialized through state management and by considering youth work as a component part of the socioeconomic strategy. The administration at all levels should pay attention to developing handicrafts and artisan industry, construction, and service jobs in order to create on-the-spot job opportunities for youths, and should organize various forms of labor units to be sent to new economic zones.

The party committee echelons and administration agencies should create conditions for youths to participate in building a new managerial mechanism, expand the right to self-government in production and business for primary installations, intensify market and price management, oppose speculation and smuggling, and stabilize production and life.

In order to enable the youth movement for revolutionary acts to develop continuously, along with educating youths in the revolutionary ideal, all echelons and sectors should pay utmost attention to youths' interests, and fulfill their demands for training, political benefit, physical exercise, and cultural and material life.

The youth movement should have concrete goals, correct functional procedures, and proper organizational form, and be oriented toward implementing the important socioeconomic, national defense, and security duties; fulfilling the new and difficult tasks; and combining duties with benefits.

Our youths under party leadership possess adequate will, ability, intelligence, and strength to fulfill the mission assigned them by the nation and history which is to carry on the revolutionary undertaking of their forefathers and contribute to victoriously fulfilling the two strategic tasks of building and defending the socialist fatherland.

VO VAN KIET ATTENDS YOUTH CEREMONY 30 MAR

BK020831 Hanoi Domestic Service in Vietnamese 1430 GMT 1 Apr 86

[Text] A traditional ceremony to deliver assault youths for induction was held in Ho Chi Minh City on 30 March. Attending the ceremony were: Comrade Vo Van Kiet, member of the party Central Committee Political Bureau and vice chairman of the Council of Ministers; Comrade Vu Mao, member of the party Central Committee and first secretary of the Youth Union Central Committee; and leading cadres of the city party committee and people's committee.

With elation, some 6,000 youth, workers, and students at the ceremony sent off more than 4,000 new members of the assault youth force to various new economic zones in the city suburbs, Duyen Hai District, and the southern part of the Central Highlands. Enthusiastically receiving the hero title awarded to the assault youth force by the state, the city youth and assault youth force launched an emulation drive with a determination to ensure high productivity and quality in production and business activities; help overcome sluggishness, bureaucratism, and formalism in a constructive way and on the basis of self-criticism; effect practical changes in youth activities; build youth villages, youth islands, and youth cities; and accept assignments to work on 4,000 projects in honor of the sixth national party congress.

Comrade Vo Van Kiet, on behalf of the Council of Minister, presented the banner bearing the labor hero title to the city assault youth force and pinned the Labor Order First Class on its traditional banner.

On this occasion, the city people's committee also presented the Ho Chi Minh City insignias to five typical mothers whose sons have joined the assault youth force.

LE DUANGREETS U.S. COMMUNIST PARTY HEAD

BK011526 Hanoi Domestic Service in Vietnamese 1430 GMT 1 Apr 86

[Text] Comrade Le Duan, general secretary of the CPV Central Committee, recently sent the following greetings message to Comrade Wilson, national chairman of the USA Communist Party:

On the occasion of your 75th birthday, on behalf of the CPV Communist Party Central Committee, I would like to extend my warmest greetings to you, comrade.

I wish you plenty of good health so that together with the USA Communist Party Central Committee you can fulfill your noble task in order to protect the interests of the working class, workers, and colored people in the United States; oppose the arms race and state monopolistic capitalism for the sake of the people's livelihood, democracy, and social progress; and contribute to consolidating and strengthening the militant solidarity and friendly relations between the parties and peoples of our two countries.

CPV DELEGATION LEAVES FOR PCI CONGRESS

OW030743 Hanoi VNA in English 0732 GMT 3 Apr 86

[Text] Hanoi VNA April 3 -- A delegation of the Communist Party of Vietnam headed by Nguyen Thanh Binh, secretary of the CPV Central Committee, has left here for Italy to attend the 17th Congress of the Communist Party of Italy at the invitation of the PCI Central Committee.

SUHARTO, KING HUSAYN MEET ON BILATERAL TRADE

BK021003 Jakarta ANTARA in English 0902 GMT 2 Apr 86

[Text] Jakarta, April 2 (ANTARA) -- Indonesia and Jordan agree to step up mutual beneficial economic and trade cooperation because of both sides' still great potentials to do so. The agreement was reached during the talks between President Suharto and King Husayn of Jordan at Istana Merdeka (Merdeka Palace) Wednesday [2 April].

The talks between the two heads of state, which was described by Minister/State Secretary Sudharmono as very friendly and intimate, also agreed on the necessity of exchanges of visits between the two countries not only on government official level, but also between business circles.

At the meeting both leaders explained about their respective country's position on international as well as on regional and bilateral problems. Briefing reporters, Minister/State Secretary Sudharmono explained that the talks between the two heads of state had been useful as an occasion for exchange of views and information. The views and information exchanged between the two leaders covered bilateral and international affairs in the field of politics and economy.

King Husayn briefed the president on efforts now being exerted by Jordan in solving the Middle East conflict, particularly the problem of Palestine. The king said Jordan wanted to apply the United Nations Security Council's resolution on the settlement of the Palestinian problem, namely to return to the Arabs the Arab territories illegally occupied by Israel since 1967 and self-determination for the people of Palestine. He conceded that there still are obstructions to the effort of solving the Palestinian problem, coming not only from the Arabs (Palestinians) themselves but also from the super powers, Sudharmono reported.

In the talk, President Suharto reiterated Indonesia's support for the struggle of the Palestinian people to determine their own fate. Indonesia continues to support the Palestinians in their struggle for independence.

On bilateral relations, Sudharmono confirmed that Jordan wanted to buy more of Indonesian industrial and agricultural products. So far, trade between the two countries has been in favour of Jordan. According to Indonesian ambassador to Jordan in Amman recently Indonesia's imports from Jordan are worth U.S. dlrs 25 million and its exports to the country is worth only U.S. dlrs 15 million.

Jordanian King Husayn's visit to Indonesia this time is expected to be able to improve the trade and economic relations between the two countries.

During the meeting King Husayn invited President Suharto to make a visit to his country. President Suharto welcomed the invitation but could not yet decide when it will be.

Minister Sudharmono said the Kingdom of Jordan also wishes to open direct commercial flights to Indonesia.

King Husayn said his side supported all efforts made by the ASEAN countries towards the settlement of the Kampuchean problem, the minister added.

BILATERAL U.S. TRADE, INVESTMENT RELATIONS VIEWED

BK021409 Kuala Lumpur International Service in English 0800 GMT 2 Apr 86

[Station commentary]

[Text] The Malaysian prime minister, Dr Mahathir Mohamed, has told the United States to allow greater access for Malaysian manufactured and semimanufactured goods into the American market. This request was conveyed in the course of an hour-long meeting which the visiting U.S. assistant secretary of state for East Asia and the Pacific had with the Malaysian prime minister.

Dr Gaston Sigur is the latest high-ranking official to visit Malaysia and the visit provided a good opportunity for frank exchange of views on a wide range of topics involving relations between Malaysia and the United States.

The Malaysian prime minister also touched on the good potential in Malaysia for keen American investors. Malaysians, for their part, are willing to learn advanced technological methods and processes. Malaysia values American expertise and it has always followed what might be called an open door policy toward foreign investment. Far from being hostile toward, or suspicious of American capital investment, Malaysia attempts not only to provide a stable climate for that investment, but also review the incentives that are available or held out to investors. Recently, numerous additional incentives have been announced and it is hoped that more American investors will set up their establishment in Malaysia. American investment, [words indistinct] is well known but here are other areas into which investors can venture with the full support and blessing of the Malaysian Government and the Malaysian community.

At the present time, the U.S. share of total Malaysian trade is a mere 14 percent. Total U.S. investment is about \$3 billion, of which \$2 billion are invested in the petroleum sector while the remaining billion is in manufacturing, basically in the semiconductor industry.

It will be obvious from these facts and figures that Malaysia tries to thrive on self-help and its own resources. It does not and is never [words indistinct] for hand-outs year in and year out, as some Third World nations have been forced to do. [Words indistinct] opportunity to sell more in American markets, [words indistinct] and therefore it is not really starting with many advantages.

The Malaysian emphasis on free enterprises and competition should strike a responsive chord in American circles. While enabling economic growth to take place in Malaysia, the USA will really be establishing the preconditions for more American goods to be sold in Malaysia in the future. There are many items of [words indistinct] has to be obtained from external sources. [passage indistinct]

Malaysia enjoys good relations with the USA not only in trade, but also in cultural aspect as well. There are several thousand Malaysian students studying in American colleges and universities. The visit of Dr Gaston Sigur will help strengthen the close ties between Malaysia and the USA.

REVOLUTIONARY PARTY ASSAILS '2-M CLIQUE'

BK020342 (Clandestine) Voice of Malayan Democracy in Malay 1215 GMT 31 Mar 86

[From the November-December 1985 issue of SULUH RAKYAT published by the Information Department of the Malay Nationalist Revolutionary Party of Malaya (MNRPM): "Condemn the 2-M (Mahathir-Musa) Clique Threatening the Constitutional Monarchy!"]

[Text] The Mahathir-Musa clique has been endlessly boasting that it is the defender of the system of constitutional monarchy. This is merely a hypocrisy. History proves that the clique opposes the system of constitutional monarchy. Addressing the 36th General Assembly of the United Malays National Organization [UMNO], Mahathir in his capacity as UMNO president continued to threaten the existence of the system of constitutional monarchy. All this has undeniably shown that he is the greatest Malay traitor. The Mahathir-Musa clique used the 36th UMNO General Assembly to achieve its evil objectives of opposing the system of constitutional monarchy and seizing power from the sultans. At the assembly, Mahathir provoked and vented hatred against the sultans.

Ignoring historical conditions, the clique insulted the Malays and Malay sultans whom the Malays highly respected by saying: "In Malay history, there was no democracy. Under the Malay royal system, a king had unlimited power. The Malay political system was feudalistic. This system led to the occupation of the Malay states by the colonialists." His above-mentioned speech, however, did not touch on the fact that the capitalist system brought by the colonialists was superior to the Malay feudal system at that time. Historical conditions made it impossible for Malay sultans to defend the sovereignty and independence of their divided states even though some feudal aristocrats had staged a resistance effort against the colonialists through patriotic wars. Nevertheless, the sultans could still preserve their positions as chief of Islamic affairs and guardians of Malay customs. Their role has contributed to the development of our multiracial society until today. To deceive representatives of the UMNO General Assembly, he formally praised the sultans by saying: "We chose the system of constitutional monarchy instead of a republican or presidential system because the sultans had generally given their cooperation and support to the nationalist movement during our struggle for independence. The sultans did not pose strong obstacles to the struggle, as was the case in Indonesia and India. Thus, there is no reason why we must choose a republican system with a president as the head of state."

In this speech, the Mahathir-Musa clique admitted that to defend and maintain the system of constitutional monarchy is a historical necessity today. Thus, the clique is intelligent [words indistinct] that it is fighting for the defense and maintenance of the system of constitutional monarchy. Why did it utter these words? Because it wanted to gain the support of UMNO representatives attending the general assembly. The Mahathir-Musa clique is intelligent in easily making and breaking promises. However, the clique cannot deceive the Malays in general and patriotic and democratic UMNO members in particular about its evil intention against the Malay sultans. It is still fresh in the people's minds that its attempt to abolish the system of constitutional monarchy through the 1983 draft constitutional amendment was shamefully foiled thanks to the courageous resistance launched by all patriots and democrats throughout the country, including the sultans.

Let us listen to his virulent speeches to incite the representatives to hate the sultans who are the symbol of unity for the Malays! Please, note this part carefully! "They are making business plans attractive to the sultans and trying to gain royal (?favor) for their business. Not only do they hope to use the authorities [words indistinct], they will successfully compete with other businessmen, particularly indigenous businessmen."

This shows that the Mahathir-Musa clique, representing the bureaucrat and comprador capitalist class, has slandered that the sultans are involved in activities to compete with indigenous businessmen. This slander is simply designed to make the sultans scapegoats in natural competition among the bureaucrat and comprador capitalists.

Will the competition among businessmen -- indigenous and nonindigenous -- disappear together with the absence of the sultans? Anyone with a little knowledge of economics fully understands that not only must a capitalist compete with other capitalists, but he must also eliminate his competitors to expand his business and dominate the market. Mutual competition and elimination are natural characteristics of capitalism. This is taking place among the bureaucrat and comprador capitalists as well as the big and small capitalists. In short, big fish are competing to swallow small fish. This competition does not discriminate against the indigenous and nonindigenous businessmen. The bureaucrat and comprador capitalists supported by the Kuala Lumpur reactionary regime are vigorously involved in this competition.

Since the reactionary Mahathir-Musa clique assumed power, a handful of bureaucratic and comprador capitalists have driven a lot of indigenous and nonindigenous corporations into bankruptcy. Many statutory agencies in various states have gone bankrupt due to fierce pressure and competition from bureaucratic and comprador capitalists who took over and monopolized the country's trade. They even monopolize the administration of Islamic affairs through such tools as the Haj Pilgrimage Agency. Hundreds of millions of ringgit belonging to devout Muslim pilgrims are annually funneled into the pockets of these capitalist by this agency.

Now, let us review the remarks made by these UMNO leaders in their effort to make people hate the sultans. They said: The government has always tried to cover up the sultans' financial dealings because it wants to protect the sultans' good reputation. However, some people already know these activities. Before the people lose faith in the sultans, we want to advise you or even warn you that you must stop these dealings. We do not want the people to take issue with the constitutional monarchy.

We can see how wicked the Mahathir-Musa clique is and how it has discredited the country's constitutional monarchy. They said that the government had tried to cover up the sultans' financial dealings because it wanted to protect the sultans' good reputation. If that is the case, why don't they hold consultations with the sultans? Instead, at the UMNO General Assembly, the clique openly instigated all people to hate the sultans. By doing so, it started the second conspiracy to usurp the sultans' powers.

The history of our factional struggle for independence shows that the constitutional monarchy is indispensable in our country. The Malay Nationalist Revolutionary Party of Malaya believes that the constitutional monarchy must be upheld, because it is a symbol of unity for all the Malay people and serves as a means to strengthen the bonds among our country's people. The system is still needed by the historical [word indistinct] in the country at present.

Whoever tries to abolish the constitutional monarchy is bound to dig their own grave. The Mahathir-Musa clique is bound to face this unhappy fate.

SABAH ASSEMBLY ELECTIONS TO BE HELD 5-6 MAY

BK031010 Kuala Lumpur BERNAMA in English 1001 GMT 3 Apr 86

[Text] Kuala Lumpur, April 3 (BERNAMA) -- State elections in the east Malaysian Sabah state will be held on May 5 and 6, election Commission Chairman Abdul Kadir Talib announced Thursday. Nomination day had been fixed for April 19, he said in a statement after a meeting of the commission here. The elections are being held following the dissolution of the Sabah state legislative assembly on Feb 26.

Abdul Kadir said that the dates for the elections were fixed after the commission studied various factors, including the security situation in the state. He said that the commission was satisfied with the preparations made by the election secretariat and state election office to conduct the polls.

The commission would use the electoral rolls which had been verified on Feb 2. A total of 423,097 voters are on the rolls. Abdul Kadir said that the writ and notice for the elections would be issued on April 10.

The commission hoped that all political parties, individuals and the people of Sabah would extend their fullest cooperation to ensure that the elections would be carried out smoothly and in peace. All those taking part in the elections should show their sincerity and willingness to accept the outcome with full tolerance and goodwill in the interests of peace and wellbeing of the people and state.

SINGAPORE1973 SECURITIES INDUSTRY ACT PASSED INTO LAW

BK311559 Hong Kong AFP in English 1543 GMT 31 Mar 86

[Text] Singapore, March 31 (AFP) -- Singapore pushed through tough new legislation Monday to govern the stock market, overriding demands from several government MP's for a delay to reconsider some of the provisions.

Finance Minister Richard Hu said the introduction of the Securities Industry Act in place of a statute by the same name in force since 1973 had been delayed since late 1984 due to objections from the broking community. He ruled out waiting further.

Mr. Hu defended the act which effectively places the nominally self-regulatory Stock Exchange of Singapore (SES) under the direct supervision of the de-facto central bank, the Monetary Authority of Singapore (MAS), saying it was "overprotective of investors."

Among points raised by MP's were powers of the MAS, with no risk of legal counter-action, to intervene in the market, deny or revoke broking licences and remove and appoint SES council members and initiate prosecution with a revised set of penalties.

Mr Hu said the collapse of Pan-Electric Industries last November followed by the failure of several broking houses which overextended themselves, showed up the weakness of the self-regulatory system.

Along with the securities act, the House passed a new act to regulate the futures market in commodities, bullion, currencies and stock indices.

LAUREL DENIES UNIDO REBELLION, REFUTES COUP RUMORS

HK030839 Quezon City CZFM Radio in English 0800 GMT 3 Apr 86

[Text] Vice President Salvador Laurel today called news reports about the apparent rebellion of the Unido [United Nationalist Democratic Organization] as mere sensationalism. At the same time, he denied that any such rebellion exists within Unido. More on this from Marilu Linggad:

[Begin Linggad recording] Laurel, who is a member of the Unido Party, said all members are free to act according to their conscience and convictions. He also said that Unido leaders are not dictating to its members as to what to do. He said it is a free country and therefore Unido party members are free to speak out their minds. Asked how many party members will be attending the Batasan session on April 14, Laurel said at the moment there is no head count. But he added that President Aquino should be given all the support to make the government succeed. At the same time, he termed as wild talk speculation of a Laurel-Enrile coup. He said the rumors must have originated from the KBL or other groups who want the government to fail. [end recording]

1000 PROTEST REPLACEMENT OF LOCAL OFFICIALS

BK010811 Manila PNA in English 0803 GMT 1 Apr 86

[Text] Manila, April 1 (PNA) -- Some 1,000 placard-bearing persons Monday picketed the Presidential Palace here and urged President Aquino to retain elective officials and call an early election.

The mass action, led by ousted Mayor Joseph Estrada of San Juan, Metro Manila, culminated the three-day "protesta ng bayan" (people protest) launched by the Municipal Mayors League of the Philippines. The move was to protest the replacement of local elective officials by officers-in-charge designated by Local Government Minister Aquilino Q. Pimentel Jr.

Estrada, replaced by Reynaldo San Pascual as officer-in-charge, told newsman he would not vacate his position until an election is held. "We were elected by the people and therefore, only the people can decide whether or not we should continue in office," Estrada said. He charged that the appointments to local government positions made by Pimentel were "undemocratic substitute to an election." "If they don't want us to stay, we demand that elections be called at the earliest time possible," Sanchez said.

President Aquino, in Proclamation No. 3 issued last March 25, said local elections will be held on a date to be determined by the president. It will not be earlier than the date of the plebiscite for the ratification of a new constitution. She said the plebiscite will be held within 60 days after the draft of the new constitution is submitted to her by the Constitutional Commission which she will form soon.

MUNOZ-PALMA URGES ACCEPTANCE OF BATASAN ABOLITION

HK021419 Manila MANILA BULLETIN in English 30 Mar 86 pp 1, 10

[By Vicente B. Foz]

[Text] Former Member of Parliament Cecilia Munoz-Palma called yesterday on her opposition colleagues in the defunct Batasang Pambansa "to accept with humility President Aquino's decision to abolish the legislative body."

But, Munoz-Palma stressed, "we should not abdicate our duty and responsibility to fiscalize the policies, programs, and acts of the Aquino government."

Breaking her silence on the reported plans of a multi-party group in the defunct Batasan to install her as speaker, Munoz-Palma said she had just come out of a closed Lenten retreat. A former close adviser of Mrs. Aquino, Munoz-Palma thus not only refused her election as speaker but also discouraged the opposition members of the group from going through with the rump Batasan session on April 14.

Munoz-Palma, a retired Supreme Court justice, said she was one of those who argued with President Aquino that the Batasan be retained at least during the transition when a new Constitution is being drafted. Along with former MPs Homobono Adaza and Assistant Minority Floor Leader Marcelo B. Fernan, Munoz-Palma had submitted a memorandum to the President on the matter. Later, she talked with Mrs. Aquino in Malacanang.

If the Batasan were abolished, Munoz-Palma had argued, "there would be concentration of executive and legislative powers in the hands of the Chief Executive for which we condemned the Marcos regime." She said, "My arguments failed to convince the President who earnestly believed that the mandate of the people given to her was to dismantle the Marcos dictatorship by a complete reorganization of the three branches of government -- executive, judicial, and legislative."

She added, "If that is how she perceives the mandate of the people, let that be her sole responsibility for which she will have to answer to the Filipino people."

In her statement, Munoz-Palma also said: "The President's word now is the law, and so let us give unto Caesar what is Caesar's, but in so doing we, who do not look with favor on this turn of events, should not abdicate our duty and responsibility to fiscalize the policies, programs, and acts of the Aquino government for that is our sacred commitment to the nation -- that true democracy, justice, and freedom be fully restored.

"We did not offer our lives and resources in the February 7 elections simply to witness a change of faces and hands that will administer power in all branches of the government."

KBL FACTIONS CONSIDER FUTURE POLITICAL MOVES

HK021155 Manila MANILA BULLETIN in English 30 Mar 86 p 1, 12

[By C. Valmoria Jr]

[Text] The Kilusang Bagong Lipunan (KBL), as expected, has completely collapsed after it was cut off from the leadership of deposed President Marcos who built a highly centralized party centered on himself and members of his family.

With the Batasang Pambansa irrevocably abolished by President Aquino under Proclamation No. 3 and the KBL majority declared barred from membership in the Constitutional Commission, jobless KBL members of Parliament will discuss their future in two separate meetings at the Asian Institute of Tourism in Quezon City tomorrow.

The KBL main group, led by Speaker Nicanor Yniguez, Deputy Prime Minister Jose A. Rono, and Davao MP Manuel Garcia, will seek unification of the party, form a provisional central committee, and announce plans for a founding convention in a meeting set to start at 4 p.m. tomorrow.

A breakaway group of MPs, now called the Partido Nacionalista ng Pilipinas (PNP), headed by former Labor Minister Blas F. Ople, will meet earlier to decide whether they will reunite with the traditional KBL which includes a substantial number of "Marcos loyalists."

The KBL main faction has announced its plans to adopt a new name, reorganize the party, install new leaders, and promulgate a new platform during a national convention that may be called in April. It will seek the status of dominant opposition party when elections are called for local officials and legislators following the adoption of a regular Constitution.

The main faction is said to be considering for the position of provisional chairman and later party president a list of names topped by Ople, former Prime Minister Cesar E.A. Virata, former Deputy Prime Minister Jose A. Rono, and MP Garcia.

Unlike the KBL main faction, the PNP group has publicly renounced the leadership of Marcos and appeared split on the prospect of rejoining the KBL under a new name and with a reorganized leadership. A group of Southern Tagalog members identified with former MP Manuel Collantes of Batangas told Ople, "We have started to emerge from the Marcos shadow, having become targets of both Marcos in Honolulu and of President Aquino in Malacanang, and that is the beginning of our credibility. Why rejoin the KBL now after they belatedly discovered their error in offering to join an Aquino working majority (in the Batasan)?"

PNP leaders Teodulo C. Natividad (Bulacan) and Arturo Brion (Laguna), on the other hand, said their party should consider an opportunity "to develop immediately a critical mass of organization" in all provinces and cities by merging with a reorganized KBL under a new name, provided the resulting merger also declares itself emancipated from the influence of former President Marcos.

Former MPs Arturo Barbero (Abra), Pedro Sabido (Albay, and Antonino Roman (Bataan) said the PNP should maintain a separate existence from the KBL and search for fresh political talent in the provinces and cities both from within and outside the KBL. "We must cut out our deadwood, recruit new members with potential, and present ourselves as true political reformists and the forces of self-renewal on the side of the opposition," Roman said.

Ople said the KBL majority had earlier consented to joining forces with the Unido and PDP-LABAN [Pilipino Democratic Party-Lakas Ng Bayan] elements in the Batasang Pambansa to form "a clear, firm, and stable majority for President Aquino," on the understanding that this would tilt her decision in favor of working with the Batasan. The PNP, while offering cooperation on a party basis, had clearly announced itself as an opposition party to President Aquino, Ople said.

COLUMNIST ON CONSEQUENCES OF BATASAN ABOLITION

HK021301 Manila MANILA BULLETIN in English 30 Mar 86 pp 4, 12

[Column by Jesus Bigornia: "Rump Batasan Set To Meet on April 140]

[Text] President Aquino demanded last week the limit in governmental powers. She now is headed for a limitless political jam. For opting for a revolutionary form of government, the President has triggered a constitutional crisis of unpredictable dimensions and directions. A rump Parliament (Batasan Pambansa) is convening April 14 to challenge her installation as the 9th President of the Republic of the Philippines. A bipartisan Batasan majority, defying abolition of their seats in the legislature, now is in a position to plunge the nation into another round of political turmoil.

Scenario for the contemplated showdown as outlined by a spokesman calls for (1) replacement of reluctant Assemblyman Nicanor Yniguez (BKL, Southern Leyte) by either Assemblyman Francisco Sumulong (Unido Rizal) or Assemblyman Cecilia Munoz Palma (Unido, Quezon City) as speaker (2) adoption of a resolution declaring the universally denounced special presidential election null and void (3) approval of a motion declaring, "in accordance with the provisions of the 1973 Constitution," the new Batasan speaker acting president with the power to schedule within 60 days an election to elect a president and a vice president of the Philippines.

If a aura of a B-rated pantomimo colors the script, its complexion can chance overnight -- depending on which side the military will throw its support. After all, it was a military mutiny, spearheaded by then and now Minister of Defense Juan Ponce Enrile and now Chief of Staff General Fidel Ramos, that catapulted the then presidential challenger to the presidency. It may be relevant to recall in the contest of the scheduled showdown that the new leaders of the Armed Forces have time and again expressed in no uncertain terms their opposition to dictatorship in any form.

At least three developments can open up should the bipartisan group proceed with its plans. The still-shaky Aquino regime would be impelled to take military action to squelch defiance of revolutionary authority. President Aquino would be forced "to bite the bullet" -- the arrest of her own uncle, Assemblyman Sumulong, and her pre-election top political adviser, Assembly-woman Munoz-Palma, among many others, including Unido political leaders who campaigned for her election. Such an action cannot but detract from her popularity.

In the event that the military establishment, already not too happy over the proclamation of a revolutionary regime, should stand aside, the Aquino government would be bedevilled by pockets of resistance across the archipelago that the arbitrary replacements of provincial and local elective officials have given birth to. Such a situation, compounded by resurgence of the communist and secessionist insurgencies, bodes no good for the newly-installed regime.

Equally serious is the possibility of a military takeover should conditions of peace and order deteriorate. A chaotic situation is an open invitation to the armed forces to step in a restore order. Returning the military to their barracks after tasting power could be an impossible task. These are possible courses open to the nation as a consequence of the abolition of the Batasan Pambansa. To avert a confrontation now developing should test the statemanship of Mrs. Aquino and her chief advisers. The nation has suffered too long. I cannot afford further political upheavals.

TEEHANKEE APPOINTED SUPREME COURT CHIEF JUSTICE

HK020815 Hong Kong AFP in English 0834 GMT 2 Apr 86

[Text] Manila, April 2 (AFP) -- President Corazon Aquino Wednesday swore in Claudio Teehankee as chief justice of the Philippine Supreme Court, the president's spokesman Rene Saguisag said.

Mr Teehankee, known as the most independent minded associate justice of the Supreme Court during the 20-year regime of ousted President Ferdinand Marcos, is 68 years old and is due to retire in two years. Mr Marcos had twice violated tradition and bypassed Mr Teehankee, then the most senior associate justice of the high court, by appointing less senior members of the tribunal to the post of chief justice.

The new chief justice replaced Ramon Aquino, who was asked to resign along with other members of the high court to give Mrs Aquino flexibility in appointing new members. Mr Saguisag said the 15 new associate justices of the high court were still to be named.

Mr Teehankee said Mrs Aquino did not intend to fire all Philippine judges who have tendered their courtesy resignations, an official statement said. "I understand that, as a whole, there will be no wholesale acceptance of courtesy resignations, as well as wholesale replacements," the Chief Justice said.

He said the president informed him before he took his oath of office that justices under the Marcos administration would continue to serve until they are replaced, and that Mrs Aquino had one year to decide who will be dismissed and who will be retained.

AQUINO'S STAND ON BATAAN NUCLEAR PLANT LAUDED

HK020704 Quezon City ANG PAHAYAGANG MALAYA in English 23 Mar 86 p 4

[Editorial: "Campaign Commitment"]

[Text] It has to come, at last, this word of President Cory Aquino on the controversial nuclear power plant in Bataan. For the first time since her assumption of the presidency, Mrs Aquino decided to make good her campaign pledge to dismantle the monstrosity that the Marcos regime had foisted on the nation in return for an 80-million U.S. dollars in commission.

Although it was her spokesman who said it, there was no doubt that Mrs Aquino will honor her campaign commitment. The new chief executive has shown signs that her word will be her bond, although no right-thinking Filipino will fault her if she changes her mind sometimes. Nevertheless, it is so comforting to know that we have at last someone down there who will set a new criterion of morality for ministers and lesser subalterns to follow.

Actually, there is much to endorse the abolition of the nuclear plant. Outside of the huge financial outlay necessary to operate it, the steady drop in oil prices in the world market totally reverses the need for the plant's operation. It squats on a fault in the earth's crust which makes the locus prone to earthquake. One does not have to exert too much pressure to imagine what would happen when a tremor hits the area. A cataclysmic explosion we see only in the movies through the magic of special effects may not be such a far-fetched possibility in the near future if the nuclear monster is finally activated.

The dangers are not even offset by the cost. Built at a staggering cost of some \$2.2 billion, it is reported to be the most expensive in the world. Since the capital outlay was raised on credit, interest alone would cost the Philippine government about \$300,000 a day which translated in pesos, is equivalent to about P5.5 million daily or P2.3 billion annually. When one really studies the problem of the Bataan nuclear plant, one is staggered by the greed that animated the Marcoses into entering and approving this project which can only exacerbate the already distressed economic situation. Thus, President Aquino's statement on the plant's dismantling went beyond merely honoring her word. It was a move that should strike a harmonious chord in every citizen's heart.

WILDCAT STRIKERS STAND DOWN, ACCEPT AGREEMENT

HK030419 Manila Far East Broadcasting Company in English 2300 GMT 2 Apr 86

[Text] The strikes at U.S. bases in the country were finally completely ended yesterday [2 April]. The workers who defied the strike settlement agreement at Subic Naval Base, (?stood) down before the base yesterday, ending the strike. The 2-week labor dispute caused Filipino shop owners hundreds of thousands of dollars in lost business and left 16 people injured. As Filipinos returned to work at other U.S. bases, some 1,250 militant picketeers raised the iron grill, stone, and log breastworks that have blocked entrance to Subic Naval Base for 12 days. The barricades came down at 8:20 p.m. shortly after militant picketline leaders, weakened by factional strife within their unions, met and agreed that to mount defiance was futile.

FURTHER DETAILS ON CRANSTON AID STATEMENT

BK030327 Manila PNA in English 0321 GMT 3 Apr 86

[Text] Manila, April 3 (PNA) -- Economic aid to the Philippines from the United States is forthcoming, U.S. Sen. Alan Cranston said Wednesday [2 April]. Cranston issued the assurance before leaving for the United States after a brief visit to the Philippines.

He said the "forthcoming economic aid" is designed to help the country in its economic recovery not tied to the lease of the military bases here. "The U.S. as well as other democratic nations would like to see immediate economic recovery for the Philippines. We want to see a free, stable and secure Filipino people," he said.

Cranston also announced that he has solicited assurance of aid from Japan, South Korea, Taiwan and other European countries, particularly Italy. He said he would also ask the International Monetary Fund, the World Bank and other institutions to stretch out the loans and give more capital to the Philippines.

Cranston, who arrived here Tuesday from Taipei to confer with the Aquino government, denied allegations that he received money from deposed President Marcos as donation to his election campaign fund. "I would now [as received] knowingly accept money from Marcos or from any of his representatives. I never did. If they tried to get it into me, it was a bad investment. I would not get," he said. [sentence as received]

Cranston vowed to do all he can to expedite the return of resources and money that belong to the Filipino people illegally taken away and transformed into the wealth of the Marcos family. "First, because it is right. And secondly because it will help solve the Philippine economic problems," he said. He expressed great confidence in the leadership of President Aquino, saying that Mrs. Aquino is determined to fulfill the role that she has successfully undertaken.

U.S. PROSECUTORS TO INVESTIGATE DEALS IN MANILA

HK030655 Quezon City DZFM Radio in English 0400 GMT 3 Apr 86

[Text] Two Justice Department prosecutors are coming to Manila to examine documents detailing the dealings of the U.S. businesses with the government of ousted President Marcos. The two prosecutors travelling to Manila are Theodore Greenberg, the top prosecutor in the Alexandria office, and [first name indistinct] Clark from the Justice Department's foreign section.

Department officials say they will examine information which may be presented to grand juries that have been meeting in Pittsburgh and Alexandria, Virginia. The Pittsburgh case focuses on payments by Westinghouse Electric Corporation to win a contract for the first nuclear power plant in the Philippines. A 1977 American law, the Foreign Corrupt Practices Act, bans payments by U.S. companies to win overseas contracts. The Alexandria grand jury is investigating whether U.S. money sent to Marcos' government for a military communications system was diverted to top officials of the Armed Forces of the Philippines.

INCREASED U.S. AID FOR ARMED FORCES URGED

HK021047 Manila MANILA BULLETIN in English 31 Mar 86 p 6

[Editorial: "Increased Military Aid"]

[Text] Increasing in an appropriate manner U.S. military assistance to this country will go a long way toward stabilizing the Armed Forces. The AFP [Armed Forces of the Philippines] today are not as stable as they seem. As a result of the change in administration, there is frenzied jockeying for positions while those who are identified with the past administration are either being frozen or retired. The factionalism could go down through the ranks.

The Armed Forces need a lot of money to feed, clothe, arm, and protect the men and their families. Some time ago, a government agency released a study showing that enlisted men were undernourished. We used to call attention to the complaints of the officers and men that they did not get proper hospital and medical treatment and that most of the time they were told to buy their own medicines.

The Armed Forces cannot be truly professionalized if their officers and men live miserably. The abuses in the past could have been due partly to the poor living conditions of the soldiers. A lot of people used to complain that already the claim to the budgetary pie by the military establishment was too big. It may be advisable to find out now how the appropriations were spent.

Increased assistance can enable the AFP to acquire more and better equipment which are invariably too costly for our government. The Air Force needs planes, the Navy needs more watercraft, and the Army needs more of various weapons. This time around, we are sure that a minimum of hanky-panky will attend the expenditure of the military assistance funds.

DIMENSION OF U.S. ROLE IN RECENT EVENTS EXAMINED

HK030055 Quezon City ANG PAHAYAGANG MALAYA in English 26 Mar 86 p 4

[Renato Constatino's column: "Footnote to Recent History"]

[Text] There have been conflicting assessments on the role of the United States in the unfolding of recent events. From Washington, some officials took credit for the final disposition of Marcos. In the Philippines, there were those who took exception to these claims. Many find it difficult to pinpoint actual incidents that reveal the American Hand. This can only be deduced from generally guarded statements coming from American officials. After all, it would be contrary to the U.S. posture of recognizing a client state's sovereignty for these officials to expose the full extent of their efforts to influence events in this country. Acts of this kind are only brought to light many years after with the declassification of pertinent documents after conscience-stricken officials reveal them in their memoirs.

Fortunately for us, we do not have to wait that long for one bit of information that confirms our suspicions of active U.S. Embassy intervention. Through means that were not revealed, Walden Bello, a co-director of the U.S.-based Philippines Support Committee obtained certain classified documents which were the subject of an article by Claudia Wright in the Feb. 21, 1986 issue of the NEW STATESMAN. Quoted hereunder are portions of the article which reveal interesting details of a breakfast conference held in Manila:

In Manila on 6 November 1985, the U.S. Embassy charge, Philip Kaplan, hosted a breakfast meeting for Richard Holbrooke, a former Assistant Secretary of State for the region, and a group of Filipino opposition leaders including Jose Cojuangco, Cory Aquino's brother, Butz Aquino, her brother-in-law, and two backers of Salvador (Doy) Laurel -- at the time the sole, self-declared presidential challenger to Marcos. A classified State Department summary of the meeting reveals that its purpose was to give the Filipino opposition Washington's marching orders.

According to the document, Holbrooke said, "he thought it looked like the opposition ticket would be some combination of Cory Aquino and Doy Laurel." The opposition leaders agreed. Kaplan then "emphasized the need for the opposition to get its act together." One point he wanted them to understand was that the U.S. was opposed to "their position favoring legalization of the Communist Party ..." The charge warned that "Marcos was likely to hit hard on the theme that the opposition is "soft on communism."

Well before Marcos called his snap election, the U.S. Embassy was reporting confidently "that the opposition could be expected to act responsibly and that the U.S.-Republic of Philippines relationship would prosper."

On 6 November, as the opposition leaders met with U.S. officials at the start of the election campaign, the administration delivered its ultimatum: "Both the charge and Holbrooke again underlined the importance of avoiding being portrayed as anti-bases or soft on communism." U.S. support for "free and fair elections," they wanted the opposition to understand, depended on keeping the bases issue out of the campaign. If not, they warned, it "would not play well in the U.S."

This revelation gives us an insight into why Marcos harped on the anti-communist issue during the campaign: it also explains why the Aquino-Laurel team avoided the bases issue like the plague. What is important about the documents is the active involvement of American officials in a purely internal affairs of the Philippines. One can feel certain that other such activities occurred and continue to occur, documentation of which would throw light on policy decisions which are being made or are being planned in the future. Realpolitik now confronts the parties in power.

HUMAN RIGHTS COMMISSION HEAD ON MARCOS VIOLATIONS

HK030633 Dagupan City DZDL Radio in Tagalog 0445 GMT 3 Apr 86

[Text] The head of the presidential commission on human rights violations, Jose Diokno, said that former President Marcos might have escaped being charged for human rights violations if the Batasang Pambansa had not been abolished. The former senator spoke during a meeting of the national forum [words indistinct] yesterday afternoon. He said he did not believe there is any Filipino who would like to see Marcos absolved of all the charges brought against him involving his hidden wealth and the murders committed during his administration. Diokno said President Aquino's revolutionary government will be able to ensure that justice is done.

SALONGA OPTIMISTIC ON RECOUPING MARCOS HOLDINGS

HK030413 Manila Far East Broadcasting Company in English 2300 GMT 2 Apr 86

[Text] Good Government Minister Jovito Salonga yesterday [2 April] assured the Filipino people of a good chance to recover a good portion of the ill-gotten wealth stashed away in the U.S. by former President Marcos. Salonga returned yesterday morning from a 19-day mission to track down Marcos' alleged hidden wealth in the U.S. He said he brought with him substantial evidence about the wealth allegedly plundered by the Marcoses. He added that he received all-out support both from the U.S. Government and Filipino volunteers in Los Angeles, New York, and Washington, D.C. He also said he has with him some 200 titles in the country which the government hopes to convert to cash by selling them. The land titles were turned over to Salonga by a long-time Marcos associate Jose Campos who fled to Canada. Salonga added his commission will file civil suits against Marcos and his associates to recover assets allegedly acquired by them with public funds.

MONITOR OF MARCOS ACTIVITIES IN HAWAII URGED

HK030429 Manila Far East Broadcasting Company in English 2300 GMT 2 Apr 86

[Text] Vice President Salvador Laurel has been urged to appoint as early as possible a consul general for Honolulu to neutralize the activities of former President Ferdinand Marcos there. It was learned at Padre Faura [Foreign Ministry site] that the request suggested that Laurel appoint someone who can speak Ilocano in order to effectively reach out to the Ilocano community which comprises the majority of Filipinos in Hawaii. The former president has been appearing on TV and making statements to the Hawaiian press against President Aquino and others and it is felt someone there should correct the inaccuracies being dished out. Consul General Raul Rabe, who has been based on the island state has been recalled to Manila.

AQUINO ORDERS LIQUIDATION OF CASH ADVANCES

BK030313 Manila PNA in English 0130 GMT 3 Apr 86

[Text] Manila, April 3 (PNA) -- President Aquino has ordered the Commission on Audit (COA) to require former officials of overthrown President Marcos to liquidate their cash advances amounting to 3.1 billion pesos (150 million U.S. dollars). Presidential Spokesman Rene Saguisag said the unliquidated cash advances were reported to President Aquino by COA Chairman Teofisto Guingona.

Saguisag, however, declined to reveal the names of former officials. He said each of them had unliquidated cash advances "running into million of pesos." Saguisag said the cash advances were for the snap presidential election last Feb. 7.

He said President Aquino instructed Guingona to write a letter to the former Marcos government officials and ask them to liquidate their cash advances. Saguisag did not say what action the government would take against these officials.

Earlier, Guingona announced that the COA was returning the pre-audit system on a selective and limited basis so that no cash advance may be made by any government officials with a previous unliquidated cash advance. To be covered by the pre-audit are some instances of cash advances in contracts. These two areas have been the major sources of corruption and abuse which enabled some officials to make cash advances, amounting to millions of pesos with no proper liquidation or no liquidation at all, according to Guingona.

GOVERNMENT ACTION URGED AGAINST ANARCHY IN SCHOOLS

HK020845 Manila MANILA BULLETIN in English 30 Mar 86 p 1, 11

[By Rod Villa Jr]

[Text] The nation's three largest educational associations demanded yesterday a government crackdown on "sinister vested interests riding on the crest of people power to destabilize schools and possibly society itself." At the same time, Education Minister Lourdes R. Quisumbing alerted the public against some groups who, she said, "apparently drunk with the euphoria of people power," have been forcibly taking over schools and campuses in Metro Manila, the Visayas, and Mindanao.

The Philippine Association of Colleges and Universities (PACU), the Philippine Association of State Universities and Colleges (PASUC), and the Catholic Education Association of the Philippines (CEAP) held separate "emergency meetings" to urge swift action before the situation degenerates into "full-blown mob rule."

PASUC, headed by its president, Dr. Frederick Pada, cited the seizure by faculty members and students of the Rizal Technological College and the Polytechnic University of the Philippines in Metro Manila, Central Mindanao State University in Marawi City. The associations also referred to the rapidly deteriorating situation at Philippine Normal College and Technological University of the Philippines in the metropolitan area and Central Luzon Agricultural College in Munoz, Nueva Ecija.

PACU headed by retired appellate Justice Leopoldo Abellera, said situations, marked by the setting up of "human barricades," had crippled at least eight private educational institutions across the country.

PASUC deplored the "inaction" of Constabulary and police agencies on repeated appeals to dismantle the barricades and return control to duly authorized officials at the troubled RTC and PUP.

The three organizations said Quisumbing should take a "tougher position" beyond merely negotiating with the militants before the situation develops into "full-scale anarchy."

At RTC, faculty and students reportedly destroyed doors and windows and occupied executive officers for a week. At PUP, they barred university officials from entering the campus. Education leaders said the condition calmed with the long vacation but warned against a resurgence after the Holy week.

Minister Quisumbing said demonstrators must have a "clear understanding of people power," that it must be harnessed in pursuance of "justice and righteousness, and never to promote selfish interest." She directed Deputy Minister Jose P. de Jesus, who is also executive vice president of the Development Academy of the Philippines, to hold a seminar to study the "positive propellants" of people power and develop guidelines for their "creative use." "The power that destroyed a dictatorial regime must now be directed toward the rebuilding of the nation," Quisumbing told De Jesus.

Dr. Amado C. Dizon, PACU executive vice president, said the right to freedom of speech and assembly is not absolute and the colleges and universities are endowed with authority to protect property, personnel, and the majority of students, in accordance with law. He cited existing laws and a long line of court decisions upholding right of schools to self-protection against anarchy.

LEFTIST YOUTH MOVEMENT STATEMENT ON PEOPLE POWER

HK030103 Quezon City WE FORUM in English 25-31 Mar 86 p 14

[Statement by Kabataang Makabayan" [National Youth]: "No One Should Take Advantage of People Power"]

[Text] Recently, "people's power" has been prostituted by a number of people to serve their self-interests. Opportunist KBI members who are desperately clinging to their positions are forming their own groups of people which they misleadingly term as "people's power" in order to show that they still "enjoy" the "support" of their constituents. Meanwhile, General Fidel Ramos also issued a statement to the effect that he is going to use "people's power" to counter the "insurgents".

Clearly, these people have a false perception of people's power. They define this power apart from the Filipino people.

Who, then consist people's power? People's power emanates from farmers who, because of usurious land rent, oppressive land reform program and decrees which rob them of their right to own the land they till, and the intensified militarization have learned to fight the tyrannical rule of Marcos. The workers who continuously struggle against exploitation by the U.S.-Marcos dictatorship are also part of the people's power, as well as the youth, the middle-class professionals who consistently stood against the fascist dictatorship, and a great number of whom even took up arms and sacrificed their lives to counter the violence institutionalized by the regime, and to advance the majority of the Filipinos' just and democratic interests.

General Ramos is mistaken in assuming that he can use people's power against the people whom he brands as "insurgents" (the same way the Marcos regime called the people who opposed his oppressive rule). To say that people's power is to be used to fight the "subversive elements" is tantamount to saying that he will employ it against the interests of the people. These "subversives" whom he perceives as the enemies of the state are the farmers, workers, youth, middle-class professionals and other Filipinos who have been oppressed and exploited by the deposed fascist dictatorship of Marcos of which the military was once a part.

How did people's power come into being? People's power was the result of the 20-year struggle of the Filipinos against the U.S.-Marcos dictatorship. The four-day rebellion which saw the downfall of the Marcos regime by people's power was only the culmination of the long process of awakening and politicization that the Filipino people have undergone.

Amidst the oppression and suffering during the U.S.-Marcos dictatorship, people's power was born. It was nurtured by the Filipinos' courage and readiness to sacrifice. Under martial law, the fascist dictator attempted to thwart the growth of people's power but it steadily gained strength and militance until it finally smashed the regime on Feb 22-26.

Under the new leadership, what then is genuine people's power? Genuine people's power now means power to the people: the power that will enable them to participate in government activities; the power to criticize those in authority and remove the corrupt from office; the power to stop undemocratic moves by any of the branches of the government; the power to direct their own future. The people's power more than ever is the people's arm in advancing their democratic interests from any power that interferes with or runs counter to the popular will.

The people, though, must realize that there is still a great task at hand, that is, to further organize the still spontaneous people's power and to consolidate this power from the local to the national level. Only by doing so will we be able to frustrate those who aim to hide their opportunist and fascist characters under the guise of people's power. Therefore, no one must attempt to take advantage of the people's power because it is capable of crushing the true enemies of democracy, as it did the Marcos regime.

CPP CHARGES ENRILE, RAMOS FROM MILITARY CLIQUE

HK030507 Hong Kong AFP in English 0459 GMT 3 Apr 86

[Text] Manila, April 3 (AFP) -- The Philippines' outlawed communists Thursday accused Defence Minister Juan Ponce Enrile and Armed Forces chief Fidel Ramos of creating a military clique in the new government. "This clique can substantially limit the broad effects of reforms being pursued by Mrs. (Corazon) Aquino and also threaten to dominate the coalition (government) itself," said THE NATION official organ of the Communist Party of the Philippines (CPP).

Although saying that Mrs. Aquino's government holds liberal views," THE NATION asserted that Mr. Enrile, Gen. Ramos and their military forces "remain reactionary, if not fascist." The two led a military mutiny which sparked a largely peaceful popular revolt against strongman Ferdinand Marcos and installed Mrs. Aquino on February 25 after a presidential poll which the opposition said was rigged.

The CPP described the military as the "the biggest coalition within the ruling coalition" and represented the "rightists" in the Aquino government. "After serving as the main pillar of fascist dictatorial rule, it was able to keep itself from failing with Marcos," it said. "Not only has the AFP (Armed Forces of the Philippines) emerged virtually unscathed from that turnabout, it was even able to acquire a reformist reputation for opposing the regime at the last minute," it noted.

The CPP noted however said that the new government had showed it had "liberal-democratic components that now holds the initiative." [sentence as received] "What is holding back Enrile and Ramos... are the current democratic wave among the people... and the people's demands that AFP officers and men be made to account for their many bloody crimes under the Marcos regime," THE NATION said. It said that Mr. Enrile and Gen. Ramos wanted to reform the AFP "so it would be more efficient, and take on a 'populist image', as it wages counterrevolution."

The CPP's military wing the New People's Army (NPA) has been fighting the government for nearly 17 years and its ranks have swollen to some 16,000 armed regulars, according to independent estimates. "U.S. imperialism has been the principal force behind this direction of reforming the fascist army," THE NATION alleged. The CPP's statement came amid the Philippine Government preparations for the arrival of U.S. Defence Secretary Caspar Weinberger who is to hold talks with Mrs. Aquino April 7.

PKP CAMPAIGNS FOR CONSTITUTIONAL CONVENTION

BK030255 Manila PNA in English 0240 GMT 3 Apr 86

[Text] Manila, April 3 (PNA) -- The outlawed Partido Komunista ng Philipinas (PKP) (Communist Party of the Philippines) has disagreed with President Aquino's decision to name 30 to 50 people to a commission that will write a new constitution for the country. Because of this, it said, it will campaign for the holding of a full-pledged constitutional convention whose members will be elected directly by the people.

In a statement, the PKP, which is thought to be Moscow oriented, said the president's decision "is a serious departure from the democratic premises." PKP General Secretary Felicisimo C. Macapagal said this not the tenor of Proclamation No. 3 issued by President Aquino March 25 which calls for the writing of new constitution that would embody the democratic ideals desired by the people.

The PKP noted that the president's action in issuing the proclamation "has been done by the new president in the name of the people." Thus, the party said, it "deeply appreciates this clear articulation of popular mandate as the basis of a prospect for fundamental political changes. [no close quotation mark as received]

This, it said, "is an enterprise greater than the efforts of any administration. We must, however, record our strong disagreement with the president's decision that the framing of a new constitution be left to a commission of 30 to 50 members.

"This is a serious departure from the democratic premises which the proclamation itself emphasizes. This decision is not in keeping with the nature of responsibility confronting the nation ..."

PKP said it considers it is political duty to undertake a campaign among the people for the holding of full-pléged constitutional convention whose members will be elected by direct mandate of the people.

VERITAS CRITICIZES LACK OF CEASE-FIRE POLICY

HK021502 Quezon City VERITAS in English 30 Mar 86 p 17

[Text] The month-old Aquino government is likely to face one of the biggest headaches if it does not clearly define its ceasefire policy with the elements of the New People's Army.

A month after Aquino was installed as President, people are still asking if there indeed is a ceasefire. In rebel-infested areas like Mindanao (dubbed the hotbed of the insurgency war), residents who continue to suffer under intense militarization could only ask "Ceasefire? What ceasefire?"

On the other hand, reports from the General Headquarters of the NAFP [New Armed Forces of the Philippines] indicated that over a hundred soldiers and civilians have been killed by the NPA in offensives launched over the past few days.

The confusion over the ceasefire issue stems from the fact that the New Armed Forces of the Philippines seemingly adopts a different posture from that of its commander-in-chief, Mrs. Aquino.

It should be recalled that in her social justice policy announced in Davao City last Jan. 16, then Presidential candidate Corazon Aquino announced that "beyond social and economic reforms, should you elect me President, I will, as I have repeatedly promised, immediately declare a ceasefire with the rebels and release political prisoners and thereafter enter into a dialogue with the insurgents in order to afford the new administration the opportunity to immediately redress their legitimate grievances."

No formal declaration has been made after Aquino was installed as President. Meanwhile, NAFP Chief of Staff Gen. Fidel V. Ramos ordered the deployment of more troops in several areas in the country as he announced that the ceasefire is "not an AFP policy."

Defense Minister Juan Ponce Enrile on the other hand blamed the present government policy of "kid glove" treatment of NPA rebels for the deaths of military and civilian personnel during several ambushes and skirmishes in various parts of the country over the past few days. Enrile also hinted at renewed military offensives against the NPA insurgents to prevent them from inflicting harm to soldiers and civilians.

Several high-ranking officials of the CPP-NPA have presented demands to the Aquino government even as the NAFP announced the NPA's have violated the call for a ceasefire. Nilo Nabong, an Atenean scholar-turned rebel, and who is now a high ranking official of the CPP-NPA Northern Mindanao Command told VERITAS in an interview at their camp somewhere in the mountains of Mindanao that "the morally-inclined Cory may encounter problems which are the makings of her New Armed Forces of the Philippines because while it is her desire to declare a ceasefire, the NAFP does not seem to accede to her desire." Nabong also wondered if there indeed is a ceasefire because more military troops have been deployed to their area after Cory was installed as President.

Said Nabong, "Cory is inclined to declare a ceasefire. She promised that. But there has been no formal declaration. Instead, we see more military troops deployed. Since it was her promise to immediately declare a ceasefire, the military troops should have been immediately ordered to pull out from the areas and ordered back to the barracks. What is actually happening now is that her sincerity is put to test."

Nabong also finds it highly questionable that Cory would now ask them to lay down their arms, adding that the announcement is a "Marcosian line." Before Cory asks them to lay down their arms, Cory should order the chief of staff to immediately disarm and disband the private armies of political warlords in the country, who seem to enjoy immunity from raids and arrests he said. Nabong cited among them Dimaporo who turned over a few defective and vintage firearms to the military a few days ago. Nabong also said that the demands of the NPA are essentially the same as those earlier published, but added that abusive local and national officials should be put to trial before any such ceasefire could be effected.

In a typewritten statement issued to local papers and radio stations, the NPAs in the area asked "Why heighten military operations in the countryside [as published] even after the ceasefire announcement?"

"The real Armed Forces of the People," the NPA added, "must be seen in practice. No amount of pronouncements and propaganda shall be able to transform the notorious AFP overnight into an army of 'real protectors and guardians' of the people. "This is the battle that has to be won. The NPA command also reiterated its position of "continuing its struggle against 'class enemies' -- those who have owed the people blood debts and continue to cause undue misery on the people."

RAMOS FILLS POSTS, DENIES DISBANDING CHDF

HK021345 Manila MANILA BULLETIN in English 30 Mar 86 p 5

[Jose de Vera]

[Text] Gen. Fidel V. Ramos, chief of staff of the Armed Forces, announced yesterday new appointments to key positions in the AFP. Ramos said Brig. Gen. Restituto Padilla was appointed as acting commander of Regional Unified Command [RUC] 4 based in Camp Nakar in Lucena City in addition to his position as commander of the Army 2nd Infantry Division based in Tanay, Rizal.

Col. Orlando Antonio acting commander of PC-INP [Philippine Constabulary-Integrated National Police] Regional Command (Recom) 4, was designated RUC 4 deputy commander in concurrent capacity.

Ramos said Col. Antonio Arriola was named acting chief of the Army Engineers Brigade, replacing Brig. Gen. Felicisimo Suarez, a member of Class '56 of the Philippine Military Academy who, along with 25 other generals, is due for compulsory retirement on April 1.

Ramos said that the designation of the commanding general of the Army 2nd Infantry Division as concurrent RUC 4 chief does not change the AFP's security posture at this time. "It is a measure that will enhance the protection of the people," Ramos said. The AFP chief added that the designation of Padilla will streamline the organization of the RUC where there is a preponderance of Army units.

Ramos disclosed that AFP general headquarters is now looking into the feasibility of converting some of the Regional Unified Commands into specified commands.

Col. Alexander Aguirre, chief of AFP operations, said that a unified command is an AFP organization under a single commander with broad continuing mission and control over units from different services of the armed forces.

Col. Arriola is a mechanical engineer and has master's degrees in public administration, business management and national security administration. He was the commander of the 3rd Infantry Battalion of the Army in Upi, Maguindanao at the height of the Moro National Liberation Front (MNLF) rebellion in Mindanao.

Meanwhile, Ramos said the Armed Forces is not disbanding the Civilian Home Defense Forces [CHDF]. He was reacting to newspaper reports (not the BULLETIN) that 40,000 CHDF members are being dismissed. Apparently, Ramos said, the newspaper report misinterpreted radio messages sent to the commanders of the 12 RUCs and Recoms and Southern and Western Commands calling their attention that the appointments of the CHDFs are made on a quarterly basis and as such their appointments expire on March 31.

AGUSAN PROVINCE 'LOST COMMAND' ORDERED DISARMED

HK030427 Manila Far East Broadcasting Company in English 2300 GMT 2 Apr 86

[Text] Armed Forces Chief of Staff General Fidel Ramos yesterday [2 April] ordered the disarming of the lost command in Agusan del Sur and the relief of three military officers for alleged violations of human rights in Misamis Occidental. Brigadier General Mariano (?Adalen), Regional Unified Command [RUC] chief in northern Mindanao, said Ramos' directive has been transmitted to the RUC command. The lost command is maintaining a detachment of the Paper Industries Corporation of the Philippines in Barangay Consuelo, Bunawan, Agusan del Sur.

ARMY ISSUES SAFE-CONDUCT PASSES TO NPA IN PANAY

HK021317 Quezon City ANG PAHAYAGANG MALAYA in English 23 Mar 86 p 16

[By Romy P. Marinas]

[Excerpt] Panay Island, composed of the provinces of Iloilo, Capiz, Aklan, and Antique, is generally acknowledged to be a strong NPA base and was recently the site of two ambushes that killed 16 government troops during the last three weeks.

The Philippine Armed Forces began airdropping last week safe conduct passes to flush out New People's Army guerrillas in Panay Island who the military claims are reluctant to accept the rebel-military cease-fire proposed by the Aquino government, MALAYA learned. Thousands of the safe conduct passes -- four-and-a-half by six inches leaflets -- were dropped from helicopters, according to a teacher-activist who returned the other day from a week-long trip to Iloilo City and Roxas City.

The passes, printed on newsprint by Camp Delgado authorities in Iloilo City, instruct all field commanders of the sixth Regional Unified Command (RUC) to "give immediate medical attention, food, clothing and other allied assistance if the bearer is sickly or wounded" and to "ensure the bearer with maximum security against reprisals, extend utmost courtesy and observe his or her human rights at all times." The passes bear the signature of Brig. Gen. Dionisio Tan-Gutae, Jr., RUC 6 commander, and carry on one side a translation in Ilongo, the island's more widely-spoken dialect.

The airdropping preceded by a few days the order of Chief of Staff Gen. Fidel Ramos transferring the headquarters of the 3rd Infantry (Army) Division from Cebu City to Panay Island and apparently sharpened the difference between President Aquino and the military led by Defense Minister Juan Ponce Enrile and Ramos. Aquino had battled for the cessation of hostilities between the NPA and the Moro National Liberation Front (MNLF) and the Philippine Armed Forces for a negotiated truce.

ARMY STARTS DIALOGUE IN NPA-AFFECTED QUEZON AREAS

HK021029 Manila MANILA BULLETIN in English 30 Mar 86 p 5

[By Owen Masaganda]

[Text] Atimonan, Quezon -- The military here has started holding dialogues with the people in the remote barangays reportedly "influenced" by the New People's Army (NPA). The holding of dialogues, according to Col. Romeo Odi, Quezon PC-INP [Philippine Constabulary-Integrated National Police] commander, is part of the prime program of the new Armed Forces of the Philippines after Gen. Fidel V. Ramos last Wednesday. [as published]

Colonel Odi together with Col. Liberato Manuel of Regional Unified Command 4, arrived here yesterday and held a dialogue with the eight barangay officials and some 300 of the more than 5,000 inhabitants, organized by Mayor Remedios Diestro. Among the requests of the barangay residents was an assurance from the military that they would not be arrested in case an encounter between rebels and the military takes place.

Two weeks ago, all the residents of Barangay Mangalayan evacuated to the nearby barangays and town proper after NPA's raided the town, took several firearms, and looted the Kadiwa store. To avoid being caught in the crossfire, the residents left their place, leaving behind their working animals.

The eight barangays here reportedly influenced by the NPA are Mangalayan Dondoc, Inalig, San Rafael, Ponon, Mangalayan Ibaba, Inalig, Lubi, and San Jose.

Some of the residents also expressed concern after a Civilian Home Defense Force member was kidnapped. The CHDF member identified as Rogelio Nieva, was able to escape and he pointed to several people, including a daughter of a barangay captain, as the alleged kidnappers. The RUC-RECOM 4 officers said that they will continue holding a dialogue with people so that the objective of the new Armed Forces and the government for reconciliation and harmonious relations between the AFP and civilians would materialize.

5 NPA REPORTED KILLED AFTER DAVAO KIDNAPPING

HK021321 Manila MANILA BULLETIN in English 30 Mar 86 p 13

[By Ped Velasco]

[Text] Tagum, Davao del Norte -- Five suspected New People's Army (NPA) rebels who earlier kidnaped two militiamen were killed during a raid at their hideout at upper Binuangan, in Macu town, this province, last Maundy Thursday, it was reported here yesterday.

In a report to Col Marcelo Blando, Task Force Panther commander, Capt Ernesto Nonan, commanding officer of the 2nd company home defense group identified the fatalities as Sitoy Tagnaan, 20, Toto Muhammad, 25, and Daniel Bundayung, 16 and a certain "Baduy" and "Yoly." There was no casualty in the government side.

Nonan said the eithe militiamen led by Ignacio Frie, 51, surprised the rebels in their hideout where they held hostage the two militiamen. The firefight started at about 10 p.m. Thursday and lasted for 25 minutes. The two kidnaped militiamen -- Arturo Lambatin and Wilfredo Cabasag -- escaped unhurt during the raid. Recovered at the hideout were an M-16 armalite rifle, a Garand rifle, assorted ammunition and communist documents.

6 REBELS KILLED IN MISAMIS ORIENTAL CLASH

HK030431 Quezon City DZFM Radio in English 0300 GMT 3 Apr 86

[Text] At least six rebels were killed by army rangers in a gunbattle while government troopers were trying to rescue families kidnapped by the leftist guerrillas in Misamis Oriental last Saturday. In a related report to Camp Aguinaldo, the troopers caught the NPA rebels together with the kidnap victims while proceeding towards their hideout. A firefight erupted, resulting in the killing of the six rebels. The families rescued by the government troops were not immediately identified.

FINANCE MINISTER OPTIMISTIC ON ECONOMIC GROWTH

HK030631 Hong Kong AFP in English 0621 GMT 3 Apr 86

[Text] Manila, April 3 (AFP) -- The Philippine economy is expected to grow by two per cent in 1986 despite a massive budget deficit and other problems after two years of sharp decline, Finance Minister Jaime Ongpin said here Thursday. The former mining conglomerate president was bullish on the economy in a news conference days before leaving for the United States with Central Bank Governor Jose Fernandez for talks with U.S. officials and international bankers.

Mr. Ongpin said that despite severe fiscal problems inherited from the former government, "we hope to end the year with a two per cent growth rate." The economy shrank by at least 5.5 per cent in 1984 and three to five per cent in 1985, according to most official and private estimates.

Manila is seeking foreign support for its economic efforts in the form of fresh grants and soft loans as well as restructuring on easier terms of debts obtained during deposed strongman Ferdinand Marcos's 20-year regime. Manila's foreign debt is conservatively estimated at 25 billion dollars, much of which was being restructured when President Corazon Aquino came to power February 25 after a largely peaceful four-day revolt.

The minister confirmed press reports here that the Cabinet was divided Wednesday on a proposal to repudiate "bad" or "misused" loans, stressing that he was against a "contentious, strident or unduly aggressive posture." He said the Cabinet agreed that "selective repudiation should not be discounted as a possible option" and was keenly awaiting the results of his trip, adding that Mrs. Aquino was "open minded" about the issue. Mr. Ongpin said those opposed to dishonoring any loans were a minority.

He said he and the Central Bank chief would meet with the U.S. Congress Appropriations Committee regarding U.S. aid to Manila, which Washington has pledged to increase, apart from tapping Japan and other loans and aid sources. The minister also said he was proposing that a "mini-consultative group meeting" of the Philippines' aid donors be held in Tokyo next month.

Mr Ongpin painted a bleak domestic picture and a rosier external outlook.

He said Mr. Marcos left behind a budget deficit of nine billion pesos (439 million dollars) in the first quarter this year -- surpassing by far the 6.9 billion-peso (337 million-dollar) deficit forecast for all of 1986.

Mr. Ongpin said that with the shortfall so far, the expected deficits in the next three quarters, and loss of revenues due to lower crude oil imports and local petroleum product prices "it is likely that deficit could balloon to 20 to 22 billion pesos (975 million to 1.07 billion dollars)."

The 1986 budget is about 65 billion pesos (3.17 billion dollars). Other officials earlier said much of the money was spent illegally in the campaign for the February 7 presidential election in which frauds, terrorism and Mr. Marcos's disputed proclamation as the winner fueled the revolt.

Mr. Ongpin said that amid the bloated deficit, there were "very urgent needs" in education, social welfare and health services.

He said the "most alarming, disturbing" statistic was that 70 per cent of Filipinos lived below the poverty line, citing a local research group's cutoff level of a family income of 2,800 pesos (136 dollars) a month. He said only 28 per cent were considered living in poverty in 1965, when Mr. Marcos was elected president, and that this rose to 46 per cent in 1975.

On the brighter side, he said the exports picture was mixed, with prices for commodity exports still weak while the outlook for garments and electronics were better despite the financially strapped semiconductor industry.

Mr. Ongpin also noted that the local peso remained strong, with the official exchange rate now down to 20.5 to the greenback and the black market figure at 21 to one and foreign exchange reserves rising to about 1.35 billion dollars since Mrs. Aquino's victory.

He also said the government expected a "tourism revival" that would pump more dollars into the economy.

Mr. Ongpin said annual inflation, which dipped to 3.6 per cent last February, would remain low but noted that this was largely due to an industrial slowdown in which manufacturers operating on the average at below 50 per cent of capacity wanted to dispose of goods as fast as possible.

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